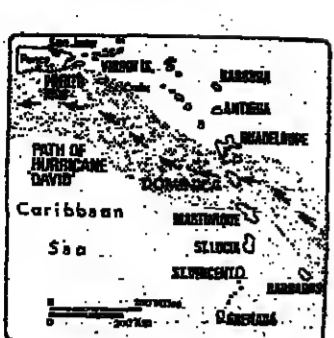


BEARINGS FROM POLAND

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NEWS SUMMARY

GENERAL

Hurricane batters Caribbean islands

Hurricane David cut a destructive swath across the Caribbean, devastating the island of Dominica and flattening its capital Roseau before moving on to batter the southern coast of Puerto Rico.

BUSINESS

Gold at new high; Equities up 3.2

GOLD touched an all time high of \$319 1/4 in London before finishing at a record closing level of \$319, a rise of \$3 1/4.



STERLING lost 15 points to close at \$2,510, and its trade-weighted index fell to 72.1 (72.1). The dollar's index was 84.7 (85.0).

SALT hopes

U.S. Senator Joseph Biden said that talks in Moscow with Soviet Premier Alexei Gorbachev had convinced him that Russia will agree to modifications in the recently signed SALT-II treaty.

UK atom blast

Britain successfully exploded a nuclear weapon at the U.S. Government's underground test site in the Nevada Desert.

Mulder cleared

A Pretoria court cleared former Cabinet Minister Connie Mulder of contempt in refusing to give evidence to the Erasmus inquiry into the misuse of funds by South Africa's information service.

Strike may end

Civil Service unions have reached a draft agreement with inner London magistrates to end the strike by 600 court staff which began last Monday.

Ships collide

Thirty-odd fishermen are missing, feared drowned, after their Panamanian-registered trawler was in collision with a Dutch bulk carrier off Dakar, Senegal.

Lulu injured

Pop singer Lulu was taken to hospital with head injuries, cuts and shock after her car was involved in a collision with another car near Birmingham, Kent.

Briefly...

Nuclear power plant at Oikawa, Finland, closed after spill of radioactive water sent radiation levels five times above the safety level.

CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various commodities like BPB, Beolox, Blue Circle, etc., with columns for item name, change, and price.

Cabinet agrees big increase in strength of Ulster police

BY RICHARD EVANS IN LONDON and STEWART DALBY IN DUBLIN

The Cabinet sanctioned a substantial increase in the strength of the Royal Ulster Constabulary yesterday in the aftermath of the assassination of Earl Mountbatten.

The decision to increase the strength of the RUC from just under 6,500 to 7,500 in the next few months was taken as a politically more acceptable alternative to increasing further the number of troops in the province, now at 13,000.

Mr. Jack Lynch, the Irish Prime Minister, has also agreed to meet Mrs. Thatcher for talks about the implications of the IRA's recent activities when he visits London next Wednesday for Lord Mountbatten's funeral.

Reuss attacks Bonn over tight monetary policy

BY JOHN WYLES IN NEW YORK

CONGRESSMAN Henry Reuss, chairman of the banking committee of the U.S. House of Representatives, launched a sharp attack yesterday on West German monetary policy.

Mr. Reuss then went on to lecture the Germans on how to manage their economy, claiming that the Government should "tax more and spend less."

Spillers orders Dalgety bid poll

BY CHRISTINE MOIR

SPILLERS, THE target of an unwelcome bid from Dalgety, has appointed a market research group to quiz its own shareholders about their reactions so far.

Dalgety has not yet posted its offer document to Spillers' shareholders — though this is expected in the next day or so — but meanwhile, in a highly unusual move, Market and Opinion Research International is carrying out a poll among Spillers' 31,000 small shareholders.

Engineers plan to step up action

By Alan Pike and Nick Garnett

ENGINEERING UNION leaders decided yesterday that there was no basis for resuming talks with employers on the industry's national pay dispute.

The executive of the Confederation of Shipbuilding and Engineering Unions, meeting in Blackpool, agreed that a two-day strike planned for Monday and Tuesday next week should go ahead.

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said he had no doubt that this recommendation would be endorsed unanimously.

Shipping lines face U.S. pricing probe

BY IAN HARGREAVES IN NEW YORK

A FULL-SCALE investigation of alleged price-fixing by Atlantic shipping lines is to be carried out by the U.S. Federal Maritime Commission.

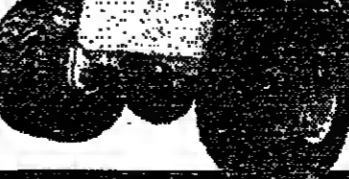
The outcome of the inquiry could have a significant influence on 33 civil suits by shippers against seven European and U.S. shipping groups, which the lines fear could result in damages of up to \$1bn.

Reinsurers' \$20m claim

BY JOHN MOORE

NINE international reinsurance companies have launched a \$20m (£9m) legal action against Irel Corporation, a San Francisco-based leasing concern, Americas

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Shipping lines face U.S. pricing probe

BY IAN HARGREAVES IN NEW YORK

A FULL-SCALE investigation of alleged price-fixing by Atlantic shipping lines is to be carried out by the U.S. Federal Maritime Commission.

The outcome of the inquiry could have a significant influence on 33 civil suits by shippers against seven European and U.S. shipping groups, which the lines fear could result in damages of up to \$1bn.

Mr. Otto Porton, the U.S. president of Atlantic Container Line, says the companies will now vigorously contest the civil suits. "We have no alternative. We are fighting for our very existence," he said.

Reinsurers' \$20m claim

BY JOHN MOORE

NINE international reinsurance companies have launched a \$20m (£9m) legal action against Irel Corporation, a San Francisco-based leasing concern, Americas

The action alleges that Bland Payne (International) neglected to communicate to and concealed from the reinsurers that computer leases or computers were the risks that were actually being reinsured.

KWU HAS 'GOOD CHANCE' OF WINNING ARGENTINA ORDER
Lambsdorff quashes N-deal claims

WEST GERMANY stands a good chance of gaining an order from Argentina for a heavy water nuclear reactor... Count Lambsdorff described these reports as "nuclear science fiction"...

Fire rages in Austria central bank

AUSTRIA'S international and domestic financial transactions have been disrupted by a fire yesterday morning in the central bank in Vienna... The fire, which broke out at 3 a.m. and spread rapidly...



Coming at the end of the month, the fire has caused particular problems for small companies and banks in need of central bank money... In the picture above, fire engines are silhouetted in the glare of flames leaping from the bank's upper stories...

90 Spanish mayors in nuclear protest

MORE THAN 90 mayors from towns and villages in the Badajoz region of south-west Spain yesterday locked themselves into a town hall in protest against a plan to build a nuclear power station in the area...

Schmidt visits Berlin to mark war anniversary

ON THE EVE of the 40th anniversary of the Nazi Blitzkrieg launched against Poland on September 1, 1939, Chancellor Helmut Schmidt of West Germany, is in Berlin to mark the fateful decision taken here that unleashed the Second World War...

France's biggest oil group cutting crude supplies

FRANCE'S biggest oil group, Compagnie Francaise des Petroles, is cutting crude supplies to companies other than its own Total affiliates...

24-hour rail strike hits Italians

MEMBERS of Italy's independent railway unions started a 24-hour strike last night causing severe disruptions in Italian rail services...

Economic decline uncovers seam of discontent in Wallonia

'BELGIAN WORKERS are hard to gauge. They are basically very steady and reliable and do not have the French habit of taking to the streets in demonstrations at every opportunity... The trade union official waved his hands expressively as he left the sentence unfinished...

Talks on reviving French Union of the Left

THE French Communist Party has accepted a proposal by M. Francois Mitterrand, the Socialist leader, for a joint meeting to discuss a possible revival of the old Union of the Left...

Another similar disaster. On the other hand, it was clearly difficult for the Communists to turn down the Socialist proposal completely, particularly since it was in line with suggestions that M. Georges Marchais, the Communist leader, had made only a week or two before...

AMSTERDAM dock workers return

Advertisement for Amro Bank. Text: 'AMSTERDAM—Dock workers were returning to work here yesterday, according to the employers... Voor het Buitenlands Bedrijf vraagt de Amro Bank commerciële bankiers in de snel expanderende International Banking Division voor de functie van account-/area manager.'

Advertisement for Amro Bank. Text: 'AMSTERDAM—Dock workers were returning to work here yesterday, according to the employers... Voor meer informatie kunt u contact opnemen met de heer Mr G.L. Huët, telefoon 020 - 289957 (privé 023 - 240212).'

Dayan meets PLO's Red Crescent leader in 'live-together' talks

BY DAVID LENNON IN TEL AVIV

MR. MOSHE DAYAN, Israel's Foreign Minister, who protested to Washington over a recent meeting between Mr. Andrew Young, U.S. Ambassador to the UN, and an official of the PLO Liberation Organisation, met for 90 minutes on Wednesday with Dr. Halder Abdul Shafi, the leading PLO supporter in the Gaza Strip.

Apparently indifferent to the irony of the situation, Mr. Dayan explained afterwards that he had sought the meeting "to get some answers on how Israel and the Arabs can live together. You cannot get the Arab opinion by sitting and talking with the Jews," he said.

Earlier this month, Mr. Dayan sent an official Israeli protest to Washington over the meeting between Mr. Young and Mr. Zebedi Labib Terzi, the PLO UN observer.

Israel complained that this contravened an American undertaking not to meet with the Liberation Organisation. In the ensuing row, Mr. Young was forced to resign.

Dr. Shafi, head of the Red Crescent in Gaza, was chairman of the Parliament of the Liberation Organisation in Gaza before 1967 and later was listed as a member of the Palestine National Council.

Dr. Shafi was twice exiled from Gaza by the Israeli military Government when Mr. Dayan was Defence Minister, because of his political activities in the Strip.

Asked if he was aware of the doctor's position, Mr. Dayan said: "I am familiar with Dr. Shafi and that is exactly why I wanted to meet with him."

According to Press reports, Mr. Dayan had told Cabinet colleagues that he was planning the meeting because he decided that to learn something about PLO thinking, there was no point in meeting with moderates but only with out and out Liberation Organisation



Mr. Moshe Dayan... no point in meeting with moderates

supporters.

Dr. Shafi told Mr. Dayan that Gaza would want to be a part of an independent Palestinian State along with the West Bank. He also said that such a state could have open borders with Israel, "once an agreement was reached with the PLO."

Commenting on the meeting in general, Dr. Shafi said: "Mr. Dayan is fond of exploring, even in a situation where there is no point to explore."

Meanwhile, Israeli military sources announced that between 100 and 110 people had been killed by Israeli attacks on Lebanon in the past four months. It was claimed that 70 to 80 of those killed were Palestinian guerrillas.

In addition, Israel said that 280 people were injured and 270 buildings were destroyed by the artillery shelling, air strikes and land raids since Israel went on the offensive against the Palestinian guerrillas.

Africa's anger over the failure of Arab aid

James Buxton and David Lennon report on dissatisfaction in black Africa over Arab promises of aid and the resulting reappraisal of relations with Israel.

A FEW WEEKS AGO the Israeli trade union federation, the Histadrut, announced it was resuming trade union ties with Zaire. It quoted an official from the central African state as saying the move was a step towards the resumption of diplomatic relations with Israel, which the Zairean Prime Minister had approved.

The announcement, which infuriated the more discreet Israeli Foreign Ministry, was a bombshell in the highly sensitive world of Afro-Arab relations. Before, during and after the 1973 Arab-Israeli war one black African country after another broke diplomatic relations with Israel out of solidarity with the Arab cause. Today Israel has relations only with Malawi, Lesotho and Swaziland.

In government circles in Israel the possibility of Zaire or other black African states resuming diplomatic relations with the Jewish state is dismissed as unrealistic. But it is an indication of deepening discontent between black Africa and the Arab countries, now rising again with this year's oil price increase. Israel maintains strong economic ties with several black African states and there are more Israelis in Africa today than before diplomatic links were cut.

At last month's Organisation of African Unity summit in Monrovia there was a concerted but unsuccessful move to put a motion on the agenda recommending the re-establishment of

relations with Israel. The OAU refused to support a draft resolution condemning the Camp David accord and gave President Sadat of Egypt a standing ovation. The basic cause of black African discontent is dissatisfaction with Arab aid for black Africa.

The black African states expected the oil rich Arab countries which predominate in OPEC aid-giving to go a long way to compensating them for the fourfold increase in the oil price imposed by OPEC in 1973/1974. However the Arab states soon made clear that they had no intention of giving Africa more than a small amount of balance of payments assistance and would concentrate on aid tied strictly to projects.

A Special Arab Fund for Africa was set up and began disbursing money for balance of payments support in late 1974. But its total disbursements amounted to only \$222m by the end of 1978 and the two countries receiving the largest sums, Tanzania and Ethiopia, each with \$14.2m, found this covered only 4 and 8 per cent respectively of their oil bill over the 1974-78 period.

Another organisation, the OPEC Special Fund, largely financed by Arab countries, had

handed out some \$130m to both Arab and non-Arab Africa by the end of 1978 in balance of payments support.

Several new Arab project aid funds were set up after the 1973/74 oil crisis, including the Arab Bank for Economic Development in Africa (ABEDA) which gives aid only to black African states. This method of aid giving—also preferred by Western aid organisations—inevitably means slow disbursements because projects have to be approved and then begun before any money is handed out, and the problem is compounded when new aid institutions are only getting going.

According to OECD figures total bilateral aid from individual OPEC states to sub-Saharan African states was \$401m in 1975, \$455m in 1976 and \$454m in 1977. But omitting contributions to three Arab League members, Sudan, Somalia and Mauritania, the amount received by the remaining 45 states was \$71m in 1975 and \$131m in 1978.

African states became disgruntled at what they considered the paucity of Arab aid disbursements to them set against average OPEC aid disbursements of \$5.5bn a year

from 1975 to 1977, most of which stayed in the Arab world. This feeling boiled up at the Afro-Arab summit in Cairo in March 1977, and was only satisfied by a pledge by Saudi Arabia, Kuwait, the United Arab Emirates and Qatar to channel a total of \$1.449bn in development aid to black Africa over the coming five years.

ABEDA's capital was boosted by \$150m, and most of the remainder was to be channelled through the aid funds of Saudi Arabia, Kuwait and Abu Dhabi. Yet there has been only a small increase in funds committed by the bank between 1976 and 1978 (cumulative commitments reached \$282.5m by the end of last year while disbursements totalled \$65.1m at that time).

The bank recently claimed that of the \$1.42bn earmarked for development projects at Cairo, some \$1.166bn—82.5 per cent—had been committed to specific projects by June this year.

But this figure was apparently arrived at by adding together commitments of all OPEC aid organisations since March 1977, several of which were not covered by the Cairo pledge. The capital of the Saudi, Kuwaiti and Abu Dhabi

development funds was not increased after the Cairo meeting so that suspicious African recipient states question whether these aid commitments would not have been made anyway, irrespective of the \$1.439bn promise.

African states accept that the reason for the slow translation of commitments into disbursements is to a large extent their own fault for not presenting or implementing projects quickly enough (though some Arab funds are faster than others at paying up where the work has actually been done or purchases made). But they feel they should have had more direct compensation for the quadrupling of the oil price in 1973/74 and for the 60 per cent rise which has taken place this year, for which only one country, Iraq, has made public an offer of partial compensation. Hence the frustration and the renewed interest in relations with Israel.

Israel does not have the financial resources of the oil rich Arab states but it does have considerable technical expertise useful to developing countries, which they do not. Its development assistance to black African countries officially ended with the break in diplomatic relations, but several states now pay for Israeli consultants in many fields on a commercial basis.

A number of Africans, said to be in the upper hundreds, are always on courses in Israel, some of them at the Histadrut's Afro-Asian Institute for Labour Studies and Co-operation. Israeli exports to black African states totalled \$72m last year while imports were only \$28m, and there are a number of joint ventures in African countries in construction, pharmaceuticals and electronics.

Among African countries most positive towards Israel are the Ivory Coast, Liberia, Ghana, the Central African Empire and of course Zaire. But though the threat of re-establishing diplomatic relations with Israel is theoretically potent no African government seems likely to implement it for the time being.

On a practical level African states realise the importance of the Arabs as oil suppliers and their influence on non-Arab oil suppliers, and they know that while Arab aid has not come up to expectations they would lose valuable aid commitments if they established diplomatic ties with Israel.

Israeli technical assistance is not indispensable: Arab aid schemes are usually co-financed by western aid agencies, who provide the technicians. Third world solidarity with OPEC has weakened and Afro-Arab relations are tense, but relations with Israel remain too frightening to contemplate seriously.

Australian Budget debate centres on tax plans

BY JAMES FORTH IN SYDNEY

PUBLIC DEBATE on the Australian Government's 1979-80 Budget has degenerated into a complicated argument over whether or not the changes will result in higher taxes this year.

Ministers have stopped talking about the benefits of the Budget, and instead are concentrating on reminding the public of the record of the previous Labor Government of Mr. Gough Whitlam between 1972 and 1975.

But in one important area—the capital markets—the Budget has been well received. It has also gone down well with investors. The stockmarket has surged to an eight-year high. Debate, however, has centred on the tax proposals—the removal of the 2.57 per cent tax surcharge introduced in the previous Budget but without reinstatement of income tax indexation.

Tax authorities and opposition politicians have produced statistics indicating that the loss of indexation more than outweighs the gains from removal of the surcharge. This charge has been denied by the Government with its own set of statistics.

The Government was also forced to back away from a statement in the Budget papers that radio and television licence fees would rise by 50 per cent. It has been suggested that the figure was a mistake and that the rise is more likely to be about 10-15 per cent.

Unperturbed by such controversy, the money markets have made it clear that they

approve of the Budget. Sales in Federal Government bonds have surged since the Budget was announced.

Last year the Budget erred by a wide margin in several areas, the deficit, inflation rate and money supply growth being much higher than expected.

This year, the Budget estimates a deficit of A\$2.1bn (£1bn) against A\$3.5bn (£1.7bn) last year, an inflation rate of about 10 per cent, and money supply growth of not more than 10 per cent.

Many analysts believe that this year the Government has erred on the side of caution and that the deficit will actually be smaller than forecast. A good chance exists that all prices will rise further, swelling receipts. Judging from the buoyant profits reported to date by large companies, company tax receipts will also be well up.

Given these factors, it should prove a relatively simple task to find the deficit from sales of bonds to the non-bank sector. Since the Budget, about A\$200m (£100m) in bonds have already been bought.

The emerging strength of the bond market increases the likelihood that official interest rates have at least peaked, and raises the possibility that they could even be lowered slightly.

All this leaves the way open for some stimulatory measures next year in a "mini-Budget" similar to that brought down in May this year, as a run-up to a federal election by the start of 1981.

Power struggle in Indian states

By K. K. Sharma in New Delhi

THE JANATA (Secular) Ministry in the key northern State of Uttar Pradesh, which is backed by Mr. Charan Singh, the caretaker Prime Minister, has survived a confidence vote brought by the rival Janata Party.

But this is just the beginning of the destabilisation efforts under way in all the States. Under immediate threat is the coalition Ministry in Maharashtra, from which Congress members are withdrawing in a bid to bring it down.

Also in danger is the Devraj Urs Government in the southern State of Maharashtra, from which Congress members have defected to Mrs. Indira Gandhi's faction.

Now that politics at central level have moved into a new phase with the ordering of elections in December, all parties are trying to improve their position in the States. This is because the parties in power there will have considerable influence on the administrative machinery that conducts the elections.

The main tussle is in the States of the Hindi-speaking northern belt where the rival "national" parties and their factions have their power base. The toppling game is being played vigorously here.

Turks will not aid Iran Kurds

By Metin Mumir in Ankara

TURKEY, which has the world's biggest Kurdish minority yesterday announced that it was not involved in the Kurdish uprising in neighbouring Iran.

A statement from Prime Minister Bulent Ecevit's office said: "Turkey has always taken, and will continue to take, care not to get involved either directly or indirectly in events which are Iran's domestic affairs."

Presumably referring to reports of unrest among Turkey's own Kurdish population—an estimated 5m to 6m of the country's total population of 45m—the statement said the Government was determined to protect Turkey's integrity "in the face of all local and foreign plots."

General Kenan Evren, the Chief of Staff, and Mr. Fahri Koruturk, the President, have recently condemned any moves towards separatism. Reuter adds: Two Kurdish members of the Turkish Parliament called on the Government to change its policy towards Iran.

The deputies threatened to withdraw their Parliamentary support for Prime Minister Ecevit, vital for his Government's survival, if he did not

Until now, few scientists and industries could tap the weightless environment of space for investigative research and manufacturing.

Cost was just too great. But Shuttle is changing all that.

NASA has named McDonnell Douglas payload integration contractor for Spacelab flights on Shuttle.

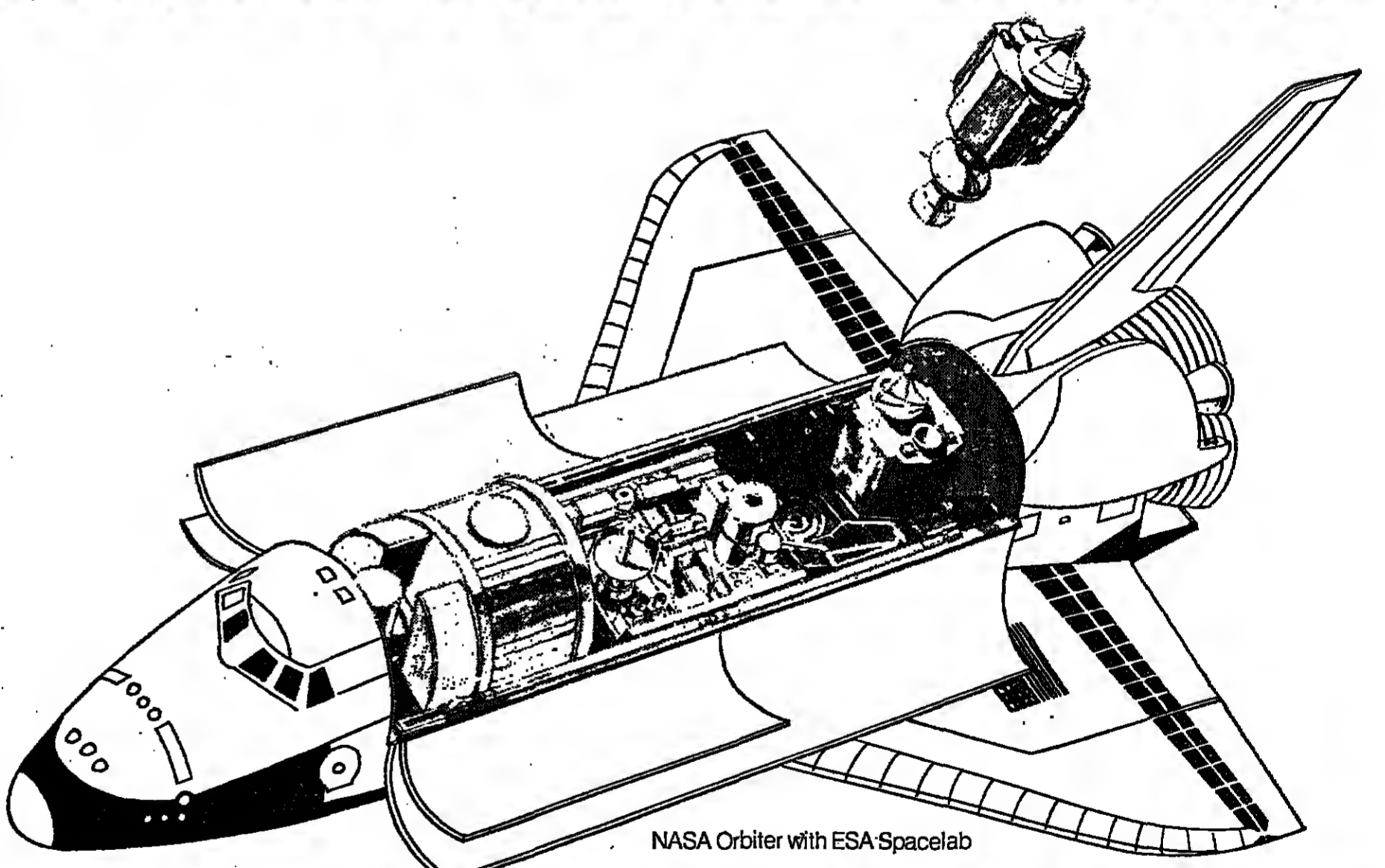
We have also commercially developed a propulsion system called PAM for payloads which require boost to higher orbit from the Shuttle. This means, on a space-available basis, we can put your satellites, research and manufacturing projects onto the Shuttle, and with

our Payload Assist Modules, into space, where you want them.

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If space holds promise for you, contact McDonnell Douglas now. We have the people, the technology, the systems, and the experience to get you there. Contact: R. G. Monger, A3-110, McDonnell Douglas Astronautics Company, Huntington Beach, CA 92647. Telephone: (714) 896-1867.

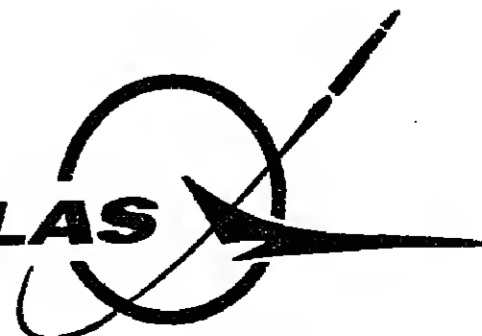
Room for Rent.



NASA Orbiter with ESA Spacelab

If you want to carry payloads into space, come see McDonnell Douglas.

MCDONNELL DOUGLAS



SENATOR CLAIMS BREAKTHROUGH ON SALT-II

Chances of Senate support improve

BY DAVID BUCHAN IN WASHINGTON

CHANCES FOR U.S. Senate approval of the SALT II arms pact appeared here to have improved considerably...

Republican leader, to tell the Soviet leadership to mind its own business...

Soviet officials are also reported to have told the group of six Senators this week that Moscow is willing seriously to discuss in SALT III negotiations more far-ranging cuts...



Mr. Alexei Kosygin

ballerina, now returned to the Soviet Union. It is taken here as another sign that the Russians regard SALT II as too important to let other tensions with the U.S. affect its fate.

Oil boosts UK exports to West Germany

By Jonathan Carr in Bonn

BRITISH EXPORTS have gained a bigger share of the West German market in the first half of this year...

U.S. expects record surplus with Communist countries

BY DAVID BUCHAN IN WASHINGTON

THE U.S. recorded a \$2bn (888m) surplus on trade with Communist countries in the first six months of this year...

has promised to give China some \$2bn in credit over the next five years. This will undoubtedly help the U.S. maintain the balance of its trade with China to its advantage.

coming close to displacing the Soviet Union as the U.S.'s most important single Communist trading partner, if imports are included.

Storm brews over Pentagon nominee

By Alan Friedman

THE CARTER administration is facing a new storm, this time over the likely choice for a top Pentagon job.

Mr. Kerner is currently chief NATO adviser to Mr. Ronald Brown, the Defence Secretary.

The Pentagon job, which has been vacant since March, is a loosely structured post, with responsibility for planning and co-ordination of all U.S. defence policy.

Nevertheless, it could be a significant position in the light of the probable increases in U.S. defence spending which may result from the SALT II treaty debate on Capitol Hill.

Several Senators are now demanding a rise in military expenditure as a quid pro quo for ratifying the SALT II treaty.

Under the U.S. system, any major appointment by the President must also be approved by the Senate.

Car workers name GM as target

BY JOHN WYLES IN NEW YORK

GENERAL MOTORS Corporation, the largest U.S. industrial company, yesterday learned it will face a strike from midnight on September 14 by 460,000 members of the United Auto Workers Union...

The selection of GM as the union's possible strike target comes as no surprise, since Ford Motor Company drew the short straw in 1976 and Chrysler Corporation has been ruled out because of its financial difficulties.

Yesterday's decision by the union's executive board will result in negotiations at Ford and Chrysler still taking over, while the union concentrates on trying to negotiate an agreement at GM which could then be applied by the other two companies.

Earlier this week, Ford and GM tabled their first offers on pay and pensions, which met a predictable rejection from union negotiators.

Northwest Energy, the pipeline consortium leader, welcomed the new ruling and indicated that it would ease the task of raising private finance for the venture.

The pipeline is to be largely privately financed, although the Alaska state legislature has voted \$1bn for it.

Boost for Alaska gas pipeline

BY DAVID LASCELLES IN NEW YORK

THE plans for a \$14bn pipeline to carry Alaskan natural gas to the U.S. have taken a further step forward, with a favourable ruling from the Federal Energy Regulatory Commission (FERC) on how costs should be determined.

The three-man commission voted unanimously on Wednesday to allow the sponsors to base their rate of return on higher costs than before.

Previously, the commission had approved a formula whereby the builders would receive a higher rate of return on the pipeline the lower they kept their costs.

India's engineering sales fall

By K. K. Sharma in New Delhi

EXPORTS of India's engineering goods have experienced an unexpected first-quarter decline, falling by 7 per cent through the April-June fiscal period compared with the same period last year.

Sasol enters U.S. fuel market

BY QUENTIN PEEL IN JOHANNESBURG

SASOL, South Africa's state-owned oil-from-coal producer, has signed an agreement with Fluor, the U.S. construction company, to jointly market and produce a synthetic fuel technology in the U.S.

Under the terms of the agreement Fluor, which is the managing contractor for Sasol's latest plants in South Africa, and Sasol will jointly perform overall consulting services and prepare basic design packages for potential users.

The deal is aimed at taking advantage of the programme for synthetic fuel production in the U.S. of 1m barrels a day by 1990, as announced by President Carter as part of his energy package.

Air fares row hits Canadians

BY OUR NEW YORK STAFF

THOUSANDS of Canadian tourists who had leapt at an autumn opportunity to buy heavily discounted air fares from their national airline have had their hopes of cheap holidays in the U.S. shattered by a simmering aviation row between the U.S. and Canada.

The CAB's decision has brought Air Canada under fire from some of its would-be passengers for selling the tickets before receiving official sanction for the new fares.

This is not an uncommon practice, but the Canadian national airline might have had some reason for expecting trouble from the CAB.

Japan in Iran chemicals talks

TOKYO—Japan plans to send a mission to Iran next week to discuss the joint petrochemical complex at Bandar Shapur.

The Japanese Government team, headed by Mr. Naohiko Amaya, Vice-Minister of Trade and Industry, will discuss both the prospects for resumption of construction and the financial problems.

Swiss machine orders increase

BY JOHN WICKS IN ZURICH

NEW ORDERS placed with the Swiss machinery manufacturing industry amounted to SwFr 6,810m (£1.8bn) in the first half of this year, an increase of 2.7 per cent over the corresponding period of last year and some 6 per cent up on the first-half figure for 1977.

More than two-thirds of the total was accounted for by foreign contracts in the January-June period of 1979, with a value of SwFr 4.4bn.

Speaking at a reception of the Swiss Association of Machinery Manufacturers in Zurich, Mr. Pierre Bourgeois, the association chairman, said that the correction of the Swiss franc exchange rate in the late autumn of 1978 had gone far to restore the competitive ability of numerous sectors of the industry.

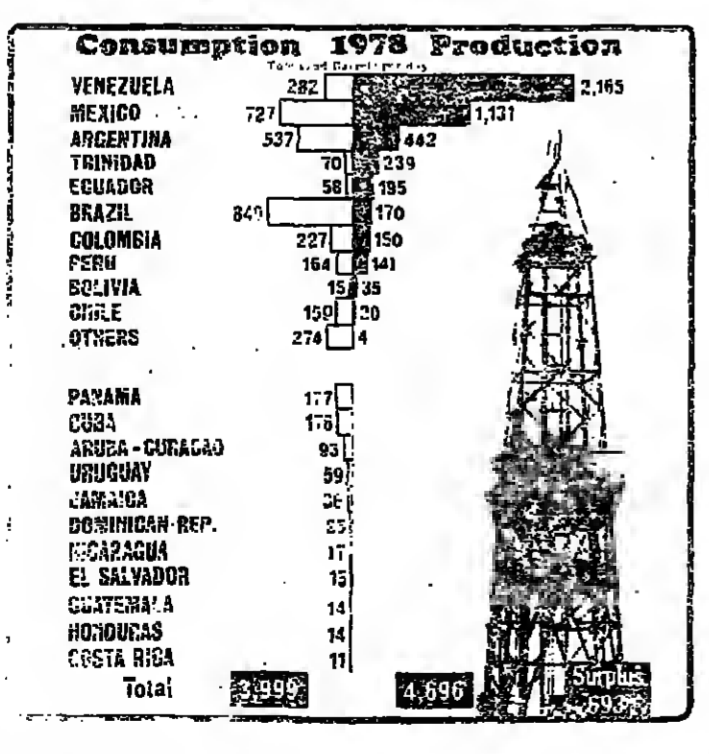
UNTAPPED RESOURCES IN LATIN AMERICA

Venezuela backs alternative energy

BY KIM FUAD IN CARACAS

VENEZUELA is calling for U.S. cooperation in helping Latin America to develop its untapped energy resources.

The idea is that oil now pumped by Latin America to the U.S. should be used to develop alternative energy resources.



goes far beyond the specific interests of a group of oil companies and must be viewed in a much larger context," he added.

Train deal for Vickers

By Jonathan Carr in London

A £3m contract to fit out a new railway workshop in Venezuela has been won by Vickers Design and Projects.

KARAMANLIS' SOVIET VISIT

Industry pacts mooted

BY OUR ATHENS CORRESPONDENT

AGREEMENTS for the establishment in Greece of an alumina plant and the purchase by Greece of electric power from the Soviet Union are expected to be signed during the forthcoming official visit to Moscow by Mr. Constantine Karamanlis, the Greek Prime Minister.

The visit, taking place from October 1-5, will be the first by a Greek Premier to post-Soviet Russia.

Energy is expected here soon of the state-controlled Public Power Corporation.



Mr. Constantine Karamanlis, the Greek Prime Minister.

Government involvement is needed to establish mechanisms for co-operation, he contended, because "the energy problem is no longer economic, to be handled by the private oil companies, but has rather become a strategic problem of national security."

White many countries had commercial oil potential, they lacked the capital and capacity to develop it, he said.

This would be a prelude to the December 17 OPEC conference in Caracas when the organisation will approve basic OPEC strategy for 1980, and beyond, towards the developing and industrialised countries.

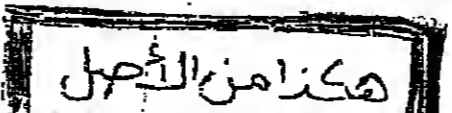
Venezuela is expected to push strongly for OPEC aid for energy development among the non-oil developing countries over the next three months.

Mr. Mitsotakis said Greece could be supplied with Soviet electric power through the Yugoslav grid, but the quantity to be supplied would not exceed 400bn Kwh.

Also under consideration for inclusion in the next Soviet five-year plan is the expansion of the Russian natural gas pipeline network, now extending from Bulgaria, to Salonic in North-east Greece.

Mr. Mitsotakis, a proponent of the project which he says will help supplement Greek oil imports, estimates its cost at \$1bn.

Mr. Mitsotakis, a proponent of the project which he says will help supplement Greek oil imports, estimates its cost at \$1bn.



THE EXECUTIVE SALOON FOR THE MAN WITH DRIVING AMBITION.

If you're a man of driving ambition, we present the perfect solution: the Lancia Gamma Berlina.

A test drive will prove to you or your chauffeur that it is the car capable of satisfying the driving instinct in the most demanding of motorists.

Beneath the bonnet is a powerful 2.5 litre engine which combines with a five speed gearbox to give impressive acceleration, leading to a top speed of over 120mph. While power assisted steering helps the Gamma Berlina handle like a car half its size.

The interior is extraordinarily roomy. Thick carpet is fitted door to door. And the seats, complete with adjustable headrests, are contoured,

thickly padded and covered in an elegant cloth fabric.

Naturally there are some impressive executive touches. Like electrically operated windows, a driver's seat that adjusts for both height and tilt, and an adjustable steering column.

Naturally too, there's the renowned Lancia front wheel drive for rocksteady handling and road-holding, and dual system brakes for exceptional stopping power.

You might think that such a well-engineered, well equipped car would, like some of its lesser rivals, carry a wickedly high price tag. On the contrary, the Gamma Berlina offers

you luxury you can afford. (You might tell your financial director, too, that the new 12,000 mile servicing intervals practically halve the servicing costs.)

You, or your chauffeur, can test drive the Gamma Berlina at your Lancia dealer. At the same time, ask him about our special leasing schemes. Or if you are eligible to purchase a Lancia free of taxes, contact our Export Department.

LANCIA The most Italian car.

Lancia (England) Ltd., Alperton, Middlesex.
Tel: 01-998 5355 (24 hour sales enquiry service).

*Price correct at time of going to press, it includes car tax, VAT at 15%, inertia reel seat belts and delivery charges on UK mainland, but excludes number plates.



The Lancia Gamma Berlina. £7,949.66*



Industry still under pressure

By Peter Riddell, Economics Correspondent. THE FINANCIAL position of industry appears to have remained under pressure in the early summer...

Estate agents 'need competition'

BY MICHAEL CASSELL. THERE IS scope far far greater competition among estate agents. In spite of the recent emergence of more commercially aggressive firms...

Mrs. Sally Oppenheimer, Minister for Consumer Affairs, said yesterday that the Estate Agents Act, which has become law since the Price Commission investigation began...

The overall service received, although only 45 per cent were happy when it came to value for money obtained. The commission pointed out that where a sole agent was involved with a transaction...

Warning on toy industry trends

BY PAUL TAYLOR. CONSUMERS could face a decline in the number of toy shops and reduced product choice because of fierce competition among retailers...

The reports only recommend that the Monopolies and Mergers Commission should look at discounting within the industry as part of its current general investigation of discounts to retailers...

New Town property firms named

BY ANDREW TAYLOR. THE BULK of the English New Towns £140m property disposal programme will be handled by two estate agents...

Accountants form pressure group

FINANCIAL TIMES REPORTER. A NEW accounting pressure group has been established to press for improvements in the accounting standards of British quoted companies.

Overall, six members of the new group come from stockbroking firms, four working in banking, and four come from institutional investors. Members of the group will be expressing their views as individuals. They will meet regularly and comment on accounting matters of public interest.



The first Boeing 737 short-range airliner out of 28 on order for British Airways (including nine for British Airways) nears completion on the production line at Renton, Seattle. Deliveries to British Airways start in January and will continue into 1981...

Power project worth £100m

BRITISH civil engineers are to carry out about £100m worth of construction work on Sri Lanka dam and power station project. The Overseas Development Administration, formerly the Ministry of Overseas Development...

Register of company names may be axed

BY CHRISTINE MOIR. THE GOVERNMENT'S cost-cutting axe is poised over Companies House. Proposals to be put forward to the Department of Trade involve abolishing a number of services provided by the Companies Register Office...

The Victoria scheme forms part of Sri Lanka's large Mahaweli development programme which involves the collaboration of the World Bank. The bank and a group of other multilateral and bilateral donors are providing extensive development finance.

Berlin broadcast by Ceefax

THE BBC has made the first news broadcast from outside Britain on its television test information system, Ceefax. The broadcast, transmitted directly on to the system from Berlin, was part of a campaign to promote the British invention in Germany...

State eases controls on ferrous scrap exports

BY ROY HODSON. THE GOVERNMENT yesterday responded to pressure from the steel industry by freeing the export of ferrous scrap to third countries for a six-month trial period. The Government's preferred policy, in accordance with its intention to minimise intervention in the operation of the market...

The steelmakers (through British Steel Corporation and the British Independent Steel Producers' Association), the Council of Ironfoundry Associations, and the British Scrap Federation, put an agreed scheme before Sir Keith Joseph, Industry Secretary...

New Harvester credit company

BY HAZEL DUFFY, Industrial Correspondent. THE UK subsidiary of International Harvester has formed a separate credit company to offer improved financing facilities to its dealers. The scheme starts tomorrow for IH dealers in agricultural and construction equipment...

Thatcher to visit North West

THE PRIME MINISTER is to visit several factories in Lancashire and Greater Manchester today. Mrs. Thatcher will open the Ward and Goldstone cable-making factory in Skelmersdale and tour round a microcircuit plant in Bingley and Chorley...

Courtaulds plans mill closures

BY RHYD DAVID, TEXTILES CORRESPONDENT. COURTAULDS, the textile group, is planning to close three mills in the North-West of England as part of a switch from the ring-spinning method of cotton yarn production to the open-end or rotor system. The mills—Ray at Stalybridge, Eagle at Rochdale and 3rd Coppull at Chorley—employ about 700 people but Courtaulds said yesterday it hoped to be able to absorb a large proportion in other mills which are being expanded or which are under-staffed...

Exports—20 per cent of Courtaulds' cotton-type yarn output last year and 82 per cent of UK exports of this product—had also been made much more difficult. By concentrating more of the company's production of coarse yarns in mills equipped with open-end spinning, the group will be better able to compete against imports from the Far East, India, Brazil and Turkey. Consultations will take place with the unions and there is likely to be a phased rundown of the mills. Output of yarn by the group is likely to remain at about present levels after the new equipment has been commissioned.

A FINANCIAL TIMES SURVEY WEST GERMANY

OCTOBER 22 1979

The Financial Times is preparing to publish a Survey on West Germany in its issue of October 22. The provisional editorial synopsis is set out below.

INTRODUCTION The Federal Republic of Germany is 30 years old. It is respected by its allies and neighbours for its economic performance and the quality of its leadership. But constraints are imposed on that leadership by Germany's history, its lack of native energy and raw materials resources and by its Central European position. What role do its allies want the Federal Republic to play and how far can these desires be fulfilled?

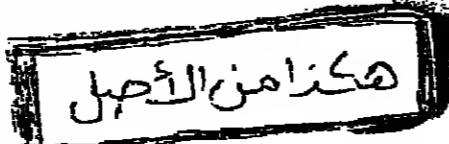
- THE NUMBER OF JOBLESS BANKING
THE STOCK MARKET
COMPETITION POLICY
AGRICULTURE Now a big farm produce exporter and benefiting from the CAP.
SOCIAL SECURITY System hailed as one of the best and most expensive anywhere, but new problems loom.
MECHANICAL ENGINEERING The heart of the country's industrial performance—with a labour force of more than 1m and an annual turnover exceeding DM100bn.
ELECTRICAL ENGINEERING AND ELECTRONICS Success with mini-computers and small business systems.
NUCLEAR ENGINEERING Lack of domestic orders and political problems abroad.
CHEMICALS Industry is picking up—with sales abroad increasing faster than at home.
STEEL Industry is now seeing some improvement after years of recession.
AEROSPACE Greatly helped by the success of the Airbus programme. But the basic structural problem remains unsolved.

There will be additional articles on:
MOTORS
CONSTRUCTION
SHIPBUILDING
RETAILING
THE MEDIA
RADIO AND MUSIC

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or
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D-6000 Frankfurt am Main 1, Federal Republic of Germany
Telephone: 7598-1 Telex: 416193

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.



Medicine licences proposal attacked

BY PAUL TAYLOR

A GOVERNMENT committee proposal to revoke licences for about 250 medicines...

Grounds The medicines covered by this latest section of the committee's work include certain rheumatic drugs, analgesics (pain killers), and psychotropic drugs...

Improved living standards

By Our Economics Correspondent

THE QUALITY of life in Britain has improved substantially over the past decade according to a survey of the British economy in Plymouth, published yesterday.

Poor airport facilities 'threaten tourism'

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITAIN could lose a substantial amount of its tourist earnings if airport facilities in the UK—particularly in London and the South-East—are not improved to meet traffic growth.

capacity by about 1984, and rising thereafter to between 25,000 and 30,000 jobs by the early 1990s if the second terminal is allowed.

obtaining flights at the desired times or by restrictions on the rights of UK airlines to operate overseas, then UK trade must suffer.

Study support for North Sea common gas gathering pipeline

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE INCREASE in oil prices and a continuing high demand for petrochemicals makes it important to look again at the proposal for a gas gathering pipeline in the North Sea.

manufacturers to look for alternatives such as ethane, propane and butane, which are available from the North Sea.

The oil industry is praised for showing a "responsible and constructive" approach to gas and liquids recovery in the North Sea.

Scotch distillers blamed for failure to meet changing tastes

BY CHRISTOPHER PARKES

THE FAILURE of Scotch whisky producers to respond to changing consumer tastes is roundly criticised in a report by Wood, Mackenzie, the stockbrokers.

market created by "occasions" or social drinking.

spell of "massive overproduction" in the mid-sixties.

Docklands views wanted

BY PAUL TAYLOR

RESIDENTS On the route of the proposed £130m Docklands southern relief road are to be asked about the controversial scheme in preparation for a possible public inquiry next year.

route next month as part of a full consultation exercise.

The move follows the council's decision last month not to seek special Parliamentary powers to speed up the planning process.

Peart to receive top prices post

BY ELAINE WILLIAMS

LORD PEART of Worthington is to succeed Lord Godber of Willington as chairman of the Retail Consortium.



Lord Peart succeeds Lord Godber as chairman.

He is Leader of the Opposition in the House of Lords having been created a life peer in 1976.

£2.9bn paid by life companies

By Eric Short

LIFE COMPANIES in the UK paid out a total of £2.9bn to policyholders last year—averaging £8m a day—according to the annual report published by the three life company associations.

Shipyard to vote on overtime

SWAN HUNTER shop stewards are to ballot the company's 10,000 workers on the controversial overtime pay imposed at a mass meeting earlier this week.

Strong market

Last year was successful for new business in all branches of life assurance.

581,000 days lost in July strikes

THE NUMBER of working days lost through strikes fell from 620,000 in June to 581,000 last month, according to the Department of Employment.

BL shop stewards reject five-grade pay structure

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

BL CARS is threatened with more pay disputes in spite of union fears that the company is about to announce large scale redundancies and plant closures.

the company was grading workers was widespread, he said. Negotiators felt very strongly about the company decision unilaterally to impose the new grade structure.

Such a move would raise the possibility of ending car assembly at Canley where the Spitfire and Dolomite models are scheduled to be phased out over the next few years.

Civil servants plan strike action

BY PHILIP BASSETT, LABOUR STAFF

DEFENCE and other Government work is likely to be disrupted from next week when 166,000 industrial civil servants strike and take other official action over the staging of a pay offer.

involved have now authorised their members to begin industrial action after a delegate conference of the Transport and General Workers' Union, representing about 80,000 workers in the group, yesterday voted 108-3 to support any action.

The action is aimed at opening negotiations on the staging of a 23-30 per cent increase. The Government is insisting that it should be in the form of 9 per cent plus £1 from July 1 and 5 per cent from November 1 and the balance due from the increases of 23-30 per cent already recommended by an independent comparability unit on April 1 next year.

ITV to discuss new technology

BY GARETH GRIFFITHS

THE MANAGING directors of the 15 independent television companies will discuss a letter from the Association of Cinematograph, Television and Allied Technicians calling for fresh talks at their meeting today.

trial behaviour, guarantees on programme quality, access to all important financial decisions, companies to concede to their workforce a share of control and a "fair share of the industry's prosperity for its workers".

Constraints on unions 'criticised'

The Institute of Personnel Management believes that some Government plans for legislative constraints on trade union activities may be unnecessary and may, in certain circumstances cause considerable problems for industrial managers.

Hoover deadlocked in pay dispute row

BY ROBIN REEVES, WELSH CORRESPONDENT

MANAGEMENT and unions at Hoover's washing machine factory in Merthyr Tydfil, South Wales, have reached a deadlock in discussions aimed at ending a three month work-to-rule.

Shop stewards at the plant have refused to negotiate an end to the dispute until the management reverses its decision to withdraw the factory sickpay scheme from next Monday because of high absenteeism — which has recently been reaching as high as 20 per cent of the 4,250 workforce.

which guarantees 80 per cent of normal wages during illness, was announced in a letter to production employees last weekend, which warned that the company's position was "very serious".

Advertisement for King Edward Panatellas cigarettes, pack of 5 for £1.30.

Advertisement for 'COUNTDOWN TO CRANFIELD' featuring a flight simulator and aviation details.

Advertisement for 'LIFE' magazine, featuring articles on life insurance and health.

National grid towers put to the test

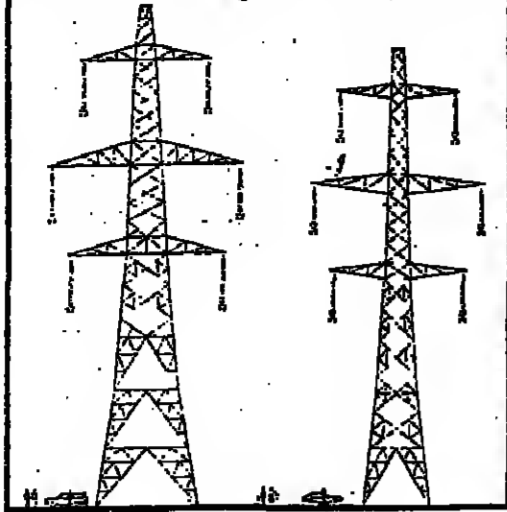
IN A hollow scooped out of a Mendip hillside, bard by Cheddar Gorge, the electricity supply industry is doing its best to break one of the towers that carry its cables across the countryside. One afternoon earlier this week steel bawlers coupled to rams in the rock face began to tighten, simulating winds that might blow the tower over. The tower moaned and groaned—but survived its first test.

The tower is a new one, the first the Central Electricity Generating Board has designed for some years. The challenge is to design one that will be both cheaper and less intrusive visually, with which the CEGB can extend the 400-kilovolt national grid in the 1980s. The opportunity to tackle a new tower design arose with the development of a new all-aluminium conductor to replace the steel-cored aluminium conductors—the overhead "wires"—used today.

If all goes well, this will be the tower used for the proposed Taunton-to-Bridgwater spur in Somerset, through an area designated as being of outstanding natural beauty. Civil engineers are not often given the opportunity to test their structures at full-scale before they go into service. But for a decade or so it has been the practice worldwide to test the towers on which overhead transmission lines are strung. These towers are exposed to immense strains under some weather conditions, and especially when these produce a large build-up of ice on the conductors. Should a conductor then break, the resulting imbalance further increases the strains on the tower.

Some countries have suffered spectacular collapses of hundreds of towers, one after the other, as the strains were transmitted along the line. This has happened in the U.S. (in Wyoming), in the Philippines, and even as near home as Denmark in recent years. One way of safeguarding the electricity supply against such

Towers—Today and Tomorrow



	Today: LS (M).D	New: L12.D
Conductors	Four 400mm ²	Two 800mm ²
Line rating	3,070 MW	2,250 MW
Tower height	50.6m	46.5m
Base size	10.3m	7.6m
Tower weight	23.2 ton	15.8 ton



The National Tower Testing Centre at Cheddar.

a catastrophic collapse is to insert extra-strong towers at intervals. This can be done in wide open spaces. But in countries such as Britain, where already the industry has to fight for every square inch of agricultural land occupied by its towers, these broader-based towers would not be acceptable.

In the early 1960s, when the CEGB began to install the 5,500 miles of "super-grid"—so-called because the new electricity network was superimposed upon the existing 275 kV grid—it needed a new place for testing its towers. It chose an old limestone quarry, mainly because the solid rock all around would provide firm anchorage for the lofty steel structures, and for the hydraulic rams to react against when stressing the tower.

Today its National Tower Testing Station at Cheddar is known to electricity utilities worldwide as one of a handful of places where they can have the tallest designs of tower tested. From the concrete-faced test pad the rock rises almost vertically for about 200

feet on two sides of the tower under test. The rams used to load the tower and its arms are secured to the rock face by anchors set more than 60 feet deep.

The new "slimline" tower being tested by Mr. Bill Burns, station manager, and his staff of 60 has been designed by the CEGB's transmission division at Guildford. It weighs about 16 tons and stands 151 feet tall. It is designed to carry the full output of a big power station, 2,250 MW. To the casual eye it does not look much different from the ubiquitous 400 kV towers strung across Britain at present.

But the CEGB engineers believe that by lopping 15 feet from the height of present-day towers, and halving the area they occupy at the base, they can significantly reduce the intrusion into the landscape. They have been able to do this because the new all-aluminium conductors will sag less than overhead lines do today. To this, they say, will be added the visual advantages of using twin conductors of the new kind,

instead of the four conductors needed today.

The acid test for their claims began this week, with the first of a total of seven tests on the tower for the effect of wind under different combinations of weather and operating conditions. So far it has survived the first two statutory tests required under the Electricity Act. The first test of the tower was for a high wind gusting across the lines, forcing the long strings of insulators from which the conductors are suspended out at an angle and imposing great strains on its arms. The second test was for the same conditions with conductors strung from only one side of the tower.

A tower is built up from a lattice of light steel angle, bolted into a rigid frame. For the tests the loads imposed by the heavy insulators and the conductors are simulated electrically.

As the hydraulic rams begin to tug on the tower, the lattice of steel protests with ominous grunts, groans and loud bangs. At the same time tension in the control room half-way up the

rock face is rising. The designers can never be sure that they have got it right. Once a tower failed—so catastrophically it keeled over against the rockface. Nowadays they avoid any dramatic climax of this kind by having guy ropes of steel to keep it upright. Nevertheless, the control room manager hovers close to an "abort" button which will take the strain off the tower if it shows any real sign of crumpling. It could take weeks to clean up such a mess.

A tower is designed to withstand certain specified stresses for 60 seconds. Ideally, say the designers, it will go to 101 per cent of the specified stress for 61 seconds. If it goes much further they must have over-designed and hence increased its cost.

On the test pad close by the new CEGB tower is the base section of the last tower they tested, earlier this month. This was a tower designed by Balfour Beatty for China Power and Light Company, the Hong Kong utility for which Britain is building a coal-fired power station. The utility also plans to install a new 400-kV grid for the Colony, 40 km in length, round the New Territories. This overhead transmission line must be strong enough to stand up to the occasional typhoon.

In fact, under test, at a point very close to the limits of stress for which this tower was designed, a couple of braces gave way, causing one of its solid steel legs to buckle. This tower must now be rebuilt and strengthened before further tests can proceed.

The new CEGB tower must undergo five further tests before the Board accepts the design.

Four of these are to test performance when a conductor is broken, a condition which can thrust immense twisting forces upon the tower. The last test—almost a test to destruction to see how and where the structure will fail—is one which attempts to simulate the worst weather conditions the CEGB can envisage for the grid in Britain. Should a tower fail, the failure

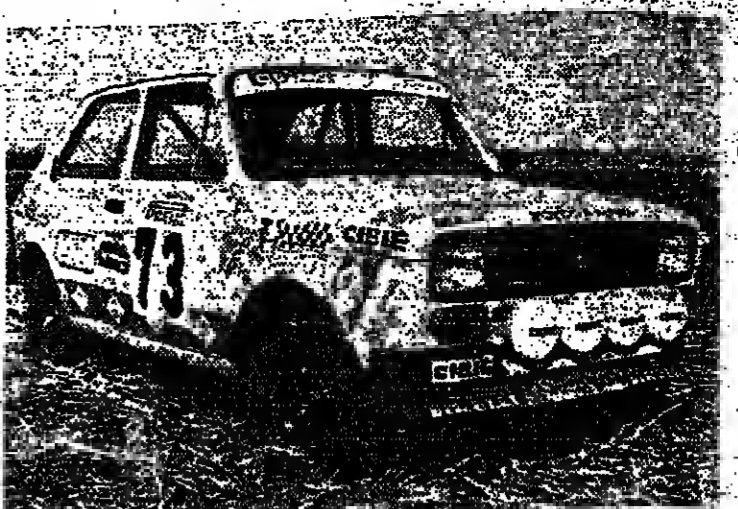
is very fast so they make a video recording of every moment it is being stressed.

As every tourist is well aware, the British weather is full of surprises. The CEGB transmission engineers met a new one last winter, with their 400-kV line over the Pennines. Strong winds plucked at conductors over an inch in diameter, setting them vibrating like violin strings. This "galloping" of the conductors, as they call it, kept up for 48 hours, until the strains were beginning to cause bolts to pop out of the towers. There was not a thing the engineers could do but stand and watch, one of them told me. But they had already safeguarded the consumer by re-routing the power.

The CEGB designers, with their experience of building 5,500 miles of 400 kV overhead line, believe they now know how to design towers to a very precise specification. In practice this means designing not one but a family of towers—the "standard" model of the kind under test, plus variants to cope with 30 degree, 60 degree and 90 degree bends in the transmission line, and a terminal tower at the end of the line. Even so, they still need the confidence that comes from having put their calculations to the test at Cheddar.

Other electrical utilities, less experienced in transmission lines, tend to use tower testing more as an integral part of the design process. According to Bill Burns, the National Tower Testing Station is earning about £60,000 a year for each of its 60 test in overseas contracts, in competition with other tower testing facilities in France, Italy, Spain and elsewhere.

It is a highly competitive business, he says wryly, as its chief salesman. But with an income that totals about £500,000 a year, and a programme which includes work on testing large boiler structures, nuclear power station systems, and the "coffins" used for transporting spent nuclear fuel, the station is paying its way, he claims.



An alcohol-powered rally-going Fiat 147.

Brazil's growing car industry

BY STUART MARSHALL

THIS YEAR, Brazil will manufacture over 900,000 motor cars. Last year it produced 836,000, an 8.3 per cent increase on 1977. And next year, it confidently expects to exceed 1m.

It is now the tenth largest car maker in the world after the U.S., Japan, Western European countries and the Soviet Union. If its rate of growth continues, it will overtake Britain in the car-making league by 1983 or 1985.

Brazil is by far the most important manufacturer and user of cars in South America. The firm on its roads at the end of last year represented nearly half of the South American continent's car population. Yet as recently as 1960, Brazil made only 60,000 cars each year. Even in 1970, total output was 395,000, or less than half today's figure.

Best seller

Volkswagen is still the largest single maker. It began assembling Beetles with 40 per cent local content in 1953 and last year had 53.1 per cent market share. The Beetle is still the best seller but will soon be pushed into second place by the Brasília. This attractive looking saloon or estate is still largely angular body. The front-drive, water-cooled Passat is also being made by VW in Brazil and, last year, was the country's sixth most popular car.

General Motors is second, largest after VW, with 18.6 per cent market share last year, mainly with a Chevette having a revised front-end with Pontiac overtones. Following closely behind is Ford (14.3 per cent share last year), whose Corolla is a clean-looking two-door saloon or estate falling between an Escort and Corolla in size. It is of conventional rear-drive layout and has a 1.572 cc four-cylinder engine.

The rising star in Brazil's automotive firmament is unquestionably Fiat. Discounting a handful of 2.0-litre Alfa Romeo saloons it assembles each day, Fiat is a "one-model" manufacturer in Brazil: the car which it introduced in 1976 and plans to go on making for at least 10 years is the 147, a toughened up version of the best-selling European small car, the Fiat 127. Fiat's advance has been spectacular. Within a year of showing the 147 to the public at the Sao Paulo motor show, 63,343 units (8.9 per cent of total registrations) had been sold. Last year, 90,599 Fiat 147s were sold, taking 10.8 per cent market share.

The 147's advance has been mainly at the expense of Volkswagen, whose share of registrations dipped by 4.8 per cent in 1978. Fiat has not achieved their penetration by underpricing the 147 which sells at 130,000 cruzeiros (about £2,360) compared with the larger VW Brasília's 100,000 cruzeiros (£1,820). It seems that the Brazilian car buyers took the 147 to their hearts because it had front-wheel drive, which was considered both advanced and sporty, and had a lower fuel consumption than the VW. They christened it *elefantinho* (Little Elephant) and voted it "Car of the Year" in 1978.

Last month, Fiat scored an important propaganda point by announcing the world's first small family car to be designed to run on 100 per cent alcohol, which is Brazil's motor fuel of the future. For the last three years, the Brazilian Government

has been mixing alcohol with petrol in a bid to save foreign exchange. The mixture is now 20 per cent alcohol, 80 per cent low-octane petrol, on which unmodified petrol engines run satisfactorily.

Under the national alcohol programme, its production from sugar cane, manioc and babaçu (a kind of cocoyam) is to be rapidly and substantially increased. By the end of this year, it is hoped that 4bn litres will have been produced and the final aim is to secure the virtual total replacement of petrol by alcohol by the late 1980s.

At present, alcohol is mainly produced in distilleries alongside sugar processing works but the building of 300 new distilleries, most of them separate from sugar factories, is proposed. By utilizing only 3 per cent of the country's 3.5bn sq kilometres of land, enough alcohol-producing crops can be grown to make Brazil self-supporting in motor fuel.

Fiat developed the 147 engine specifically for all-alcohol fuel. It is larger than the standard petrol engine (1,300 cc against 1,050 cc) and has a much higher compression ratio. This feature has also allowed a "dieselised" version to be developed but it will not be used in Brazil, where diesel cars are forbidden. That is because the country is heavily dependent on trucks for freight, transportation and all the goods imported or reserved for their use. The 147 with a diesel engine is to be exported completely assembled to Europe, starting in the spring of 1980. About 20,000 units will be shipped initially to Italy but later, in the year to other West European countries.

These will not be the first exports from the Fiat plant at Belo Horizonte to Europe. For nearly two years the standard 147 petrol engine of 1,050 cc capacity has been shipped in large quantities to Turin, where it is fitted into a growing proportion of the 427 cars sold in Europe and also from the Fiat Rinaldo plant at the end of April. More than 325,000 of these engines had been exported to Europe.

Bus routes

The Belo Horizonte plant is owned 55 per cent by Fiat and 45 per cent by the state government of Minas Gerais in which it is located. There are 10,000 people on the payroll and another 25,000 depend indirectly on the plant for their livings. Five new Fiat workforce left near to the factory. In association with local companies, Fiat has had to create an elaborate system of bus routes, varying in length from 9 km to 110 km, which bring workers direct from their homes to the plant. The 6,500 workers compared with the larger VW Brasília's 100,000 cruzeiros (£1,820). It seems that the Brazilian car buyers took the 147 to their hearts because it had front-wheel drive, which was considered both advanced and sporty, and had a lower fuel consumption than the VW. They christened it *elefantinho* (Little Elephant) and voted it "Car of the Year" in 1978.

Other social services are provided for the workers with a degree of paternalism rivalled only by the Japanese car makers. The state of Minas Gerais regards Fiat not just as an automobile plant but as an integral part of the region's development. Employee welfare facilities are on virtually a cradle-to-grave basis, encompassing medical and dental services, education for workers and their children, housing, leisure activities and feeding.

Berjantai Tin Dredging Berhad

(Incorporated in Malaysia)

Extracts from the Statement by the Chairman, Y. B. Encik Abdul Ghafar Baba For the year ended 30th April, 1979

The year under review was indeed a milestone in the long history of your company. It was a year in which your company embarked on a policy of positive involvement with the State Government in the joint development of the tin mining industry in Selangor. Your board feels that this involvement with the State Government will enhance your company's ability not only to pursue its existing operations but also to expand its mining activities.

Developments during the year
As announced in March 1979 your company concluded two agreements with Kumpulan Perangsang Selangor Berhad (KPS), a wholly-owned subsidiary of Perbadanan Kemajuan Negeri Selangor, with a view to exploiting the reserves of an area close to the company's property.

The first agreement provides for the prospecting by the company, as agent of KPS, of an area of about 2,700 acres of land adjacent to the company's own mining operations. Under the terms of the agreement, if there are sufficient reserves and KPS decides to mine the area, the company will build a new dredge and lease it to KPS or its nominee on commercial terms.

Prospecting is almost completed and your board, confident that the area will be able to support a mining scheme for one dredge, arranged to commence in June 1979 the construction of the new dredge. It is expected that the new dredge will be ready within 2 years.

The second agreement provides for the formation of a joint venture company by KPS (70%) and the company (30%). The new company is to be the operator of the dredge in the area defined in the first agreement. Through this joint venture company, KPS and the company are desirous of further expanding their interests in the tin mining industry in Selangor.

The first benefit from this link-up was the resolving of the position regarding your company's expired leases. You will recall that in November 1978, you were informed of the rejection by the Selangor State Government of your company's applications for renewal of four mining leases covering a total of approximately 4,000 acres and of the issue to KPS of a lease over the same area. Agreement has now been reached whereby the area is to be returned to the company.

Performance during the year
The total mine production fell to 88,111 piculs, from the previous year's high of 82,287 piculs. This decline was mainly due to two of the large dredges, Nos. 6 and 7, working lower grade ground.

With a better average net price realised of M\$996 per picul compared with M\$873 in the previous year, the fall in revenue was alleviated to a certain extent. The profit before government export duty and taxation was M\$68,908,687 (1978: M\$77,750,731), agreement export duty and taxation amounts to M\$51,143,236 or 74.28% (1978: M\$57,622,748: 74.07%) which leaves a profit after taxation of M\$17,160,451 compared with M\$20,167,983 in the previous year.

Dividends
An interim dividend of 85 sen per share, less tax at 40%, was paid on 31st January 1979. Your directors have recommended the payment of a final dividend of 40 sen per share, less tax at 40%. This final dividend, subject to your approval at the annual general meeting, to be held on 25th September 1979, will be paid on 25th September 1979.

The total paid last year was 110 sen, less tax at 40%. Projections for current year
The current year's production is expected to be slightly higher than that attained in 1979 due to the No. 7 dredge working in higher grade ground.

No. 5 dredge is expected to exhaust its payable reserves in the Sungai Selangor area early in 1980 when it is to be transferred to the main property via a pre-cut flotation channel. Major modifications to the dredge will be carried out to fit it for the resumption of mining in the deeper ground within the main property. However, if negotiations for the acquisition of an area adjoining the Sungai Selangor are successful the dredge will remain where it is now until about 1982.

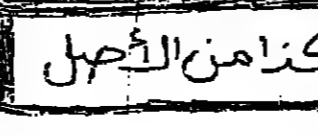
8th August 1979
Copies of the Report and Accounts and Chairman's Statement can be obtained from the Registrars, Pemas Charter Management Sdn. Bhd., P.O. Box 986, Kuala Lumpur 01-02, Malaysia, or the United Kingdom Registrars office at Charter House, Park Street, Ashford, Kent TN24 8EQ, and 40 Holborn Viaduct, London EC1P 1AJ.

New Issue
This advertisement appears as a matter of record only

UNY CO., LTD.
Nagoya, Japan
DM 50,000,000
6½% Deutsche Mark Convertible Bonds of 1979/1985

Offering Price: 100%
Interest: 6½% p.a., payable annually on February 21
Maturity: February 21, 1985
Conversion Right: from November 1, 1979 into ordinary shares of UNY CO., LTD. at a conversion price of DM 8.96 per share
Listing: Frankfurt am Main

Deutsche Bank Aktiengesellschaft	Nomura Europe N.V.
Banque Nationale de Paris	Robert Fleming & Co. Limited
Swiss Bank Corporation (Overseas) Limited	Tokai Kyowa Morgan Grenfell Limited
Algemene Bank Nederland N.V.	Amsterdam-Rotterdam Bank N.V.
Atlantic Capital Corporation	Banca Commerciale Italiana
Banco di Roma per la Svizzera	Bank of America International Limited
Bank für Gemeinwirtschaft Aktiengesellschaft	Bank Gutzwiller, Kurz, Dungenier (Overseas) Limited
Bank Leumi le Terael Group	The Bank of Tokyo (Holland) N.V.
Banque Générale de Luxembourg S.A.	Banque de l'Indochine et de l'Extrême Orient
Banque de Neuchâtel, Schaffhouse, Mulhouse	Banque de Paris et des Pays-Bas
Banque Populaire Suisse S.A., Luxembourg	Banque Rothschild
Bayrische Hypotheken- und Wechsel-Bank Aktiengesellschaft	Bayrische Landesbank Girozentrale
Berliner Handels- und Finanzier Bank	E.S.L. Underwriters Limited
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Crédit Lyonnais	Credit Suisse First Boston Limited
Dai-ichi Securities Co., Ltd.	Daiwa Europe N.V.
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Fuji International Finance Limited	Groupement des Banquiers Privés Genevois
Industrielle Bank von Japan (Deutschland) Aktiengesellschaft	Istituto Bancario San Paolo di Torino
Kleinwort, Benson Limited	Kreditbank N.V.
Landesbank Rheinland-Pfalz - Girozentrale	Lazard Frères et Cie
Manufacturers Hanover Limited	Mariano Millaud Limited
B. Metzler & Co. Sohn & Co.	Mitsubishi Bank (Europe) S.A.
Morgan Grenfell & Co. Limited	Morgan Stanley International Limited
The Nikko Securities Co., (Europe) Ltd.	Nippon Credit International (HK) Ltd.
Nippon Kangyo Bank (Europe) Limited	Nomura Europe GmbH
Okasan Securities Co., Ltd.	Saf. Oppenheim Jr. & Cie.
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Samwa Bank (Underwriters) Limited	Sanyo Securities Co., Ltd.
Singapore Nomura Merchant Banking Limited	Skandinaviska Enskilda Banken
Société Bancaire Barclays (Suisse) S.A.	Société Générale
Tokai Bank Nederland N.V.	Thinkas & Buchardt
Verband Schweizerischer Kantonalbanken	Vereins- und Westbank Aktiengesellschaft
J. Vontobel & Co.	Wako Securities Company Limited
Wandley Limited	Westdeutsche Landesbank Girozentrale
Yamachi International (Europe) Limited	Wood Gundy Limited
	Yamatane Securities Co., Ltd.



TEX ABRASIVES LTD

Coated Abrasives for all purposes

Year of concern

In his statement to shareholders of Tex Abrasives Limited, Mr. L. Evelyn-Jones, M.B.E., the Chairman, said:

Turnover for the year ended 31st March 1979 increased to £5,604,408. Profit before taxation unfortunately fell to £397,888 against £458,125. This reduction in the profit was brought about not only by the innumerable inflationary influences which took place during the period but more particularly by the continual fall in the value of Sterling against the Deutsche Mark which started in April 1978 and continued to fall until the end of the year.

Your Directors recommend a final dividend of 2.42345p net per share making a total distribution of 3.17345p net per share, an increase of 5% on last year and equivalent to gross dividends of 4.581 1/2 p per share.

Inflation looks as if it will continue for some time. The Government may well improve matters but not without considerable difficulties. Money is flowing into the country at a high rate; this has had a considerable effect on the Foreign Exchange Market and provided the Sterling/Deutsche Mark rate stays somewhat near its current rate the prospects for the future look very healthy. Your Directors are taking all available steps to overcome the various other problems confronting the Group.

مكتابن الأحول

Jason Crisp talks to Alfred Singer, the Dalgety non-executive director who quit over the Spillers bid

The man who resigned "on principle"



Alfred Singer—an unusually varied career.

Next year, in the natural order of these things, he will become president of the Association of Certified Accountants...

simply by moving a regular meeting forward one hour in the evening. NUS identifies savings by analysis. A customer sends its bills to the company as soon as they are received...

EVERYBODY knows what a non-executive director is supposed to do when he disagrees with the board on a major issue and loses his case.



Profile

But not everyone can so conveniently forget their responsibilities. No sooner had Dalgety, the international agricultural and food merchant...

other directorships, and is now a full-time "non-exec" he reckons he had spent two months of the eight on Dalgety business.

ANY company spending more than £2,500 a year on gas, electricity, and oil is very probably paying too much for its energy supplies. Indeed, National Utility Service (NUS)...

though according to Graham Pusey, NUS's director and general manager (UK), its objective is not incompatible with conservation. For, in the process of closely monitoring the amount a company is spending in this area...

hospital for two years and a man in the next bed told him what a good living it was to be had from accountancy. He qualified as a certified accountant and is now vice-president of the Association of Certified Accountants.

Americans greater control over the company. They had the mistaken belief that finance was a science and needed a finance director," he says with a smile.

for someone who had spent most of his career in fast-growing entrepreneurial companies like Rank Xerox and Tesco to accept the monolithic centralism that was the hallmark of the then managing director Sir William Ryland.

When Singer resigned in 1976, two years before the end of his term at Giro, it was widely held to be because he was unhappy with the way the Post Office was being run.

Analysis that can cut energy bills

obliged to disclose to a customer which is the best rate for his purposes. The onus is on the customer to decide which is best for him.

Electricity, however, offers enormous scope for economies and provides a field for an organisation such as NUS. For not only do the 12 electricity boards throughout England and Wales not operate identical tariff structures...

board may have in force. That is provided, of course, that the customer can identify such a tariff for himself.

to one of those three utilities is. Its raison d'être is thus not to be an energy conservationist,

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

PLASTICS Ribbed pipe process saves materials

LARGE DIAMETER plastics piping, using 60 per cent less raw material than conventional plastics pipes, and competitive with concrete and asbestos-cement, has been developed by a South African company, Duropenta.

Durupenta, has just returned from a trip to Europe seeking to interest manufacturers in the piping and the growing moulding manufacturing process, which the company has developed over the past seven years.

Mr. Ted Small, an executive director of AECL and Mr. Ted Mayberry, managing director of

valve, mounted on the end of a bracket. This "leaking sucker" sticks to the back of the door to hold it open and the time for the inside of the sucker to reach atmospheric pressure and so release is set by a screw in the centre of the suction pad.

MATERIALS Guidance on use of solder

NEW INTERNATIONAL standard from IEC covers a guidance document on the use of solder and is applicable to all electrical and electronic components likely to be submitted to the test: described in another IEC standard, Publication 68-220 Test T: Soldering.

carried out in separate series of tests on different components. To be realistic, all such tests must depend on the application under controlled conditions of specified solders and fluxes to the components under test.

nor can these tests match all the varieties of production conditions exactly. It is the task of the specification writer to correlate test results with the desired performance for each component and specify acceptance levels accordingly.

COMMUNICATIONS Control from afar

STATUS and control system—Intrac 2000—has been developed by Motorola Communications to meet applications demanding secure control and monitoring of distant events at unattended locations.

The central station contains a memory that allows the monitoring and control of 50 remote locations, each having a capacity of up to 16 status and 16 control functions. Expansion can be provided in increments of 50 remote locations to a maximum of 512.

ASSEMBLY Puts pins and heads together

A FULLY automatic assembling machine has been designed by Rhoden Partners of 231, The Vale, London W3 7QU (01-743 45621), for a manufacturer of picture books.

DATA PROCESSING Keeps the data flowing

AS COMPANIES come to depend more and more on computers, word processors and data networks in their day-to-day business, loss of mains electricity—or even mains fluctuations lasting only a fraction of a second—poses serious problems.

One computer, an ICL 7532 terminal processor, will be on the Transpack stand, while the second machine, on the adjacent ICL stand, will be a System 10 machine complete with supporting terminals and core memory.

Be in control with... (Advertisement for control systems)

PRINTING Speeds offset work

AM MULTILETH quick-change offset blanket is an original concept which gives its users "two bites at the cost cherry," as the developer says.

Other static emergency power supply units suitable for smaller office equipment will be on display. Transpack's co-operation with ICL of the IBM is partially a reflection of recent occasions where ICL computers have been supplied to end-users complete with Chloride Transpack uninterruptible power supply systems.

IN THE OFFICE Copier for general use

QUALITY CONTROL Tests the valves

QUALITY CONTROL Tests the valves... (Advertisement for valve testing equipment)

LOMBARD Britain and the EMS (part 2)

BY PETER RIDDELL

THE EUROPEAN Monetary System has had a meteoric-like existence as an issue in British politics. It appeared, largely uninvited, in the early summer of last year and became a major talking-point for a few months—at least in Whitehall and the City. But when the last Government decided not to link sterling with the other EEC currencies the issue quickly disappeared from public view.

But the EMS has not gone away permanently. Indeed it is alive, reasonably well and lying on the Coombe. Unlike the start of the original snake seven years ago the system has lasted for nearly six months without losing any of its members. This is all much more than a matter of mere academic interest for Britain. Although the UK is not involved in the central currency link it is participating in some of the less important features and in the continuing discussions about the operation and development of EMS. Moreover the Conservative Government has promised a review during the autumn of the UK position on EMS.

Senior ministers have so far been rather cautious on the issue but a revealing though non-committal, insight into British attitudes has recently appeared in the form of a House of Lords Select Committee report. In particular this committee previously undisclosed evidence given in early July by the two main officials concerned with EMS—Sir Kenneth Robinson, the head of the Treasury's overseas finance side, and Mr. Kit McMahon, an executive director of the Bank of England.

Mr. McMahon pointed out that the strength of sterling after the start of EMS on March 13 would have meant the rate would have "very quickly" been through the 21 per cent margin of fluctuation allowed to most currencies and the 6 per cent margin at present allowed to Italy would have been exceeded by April 11.

"It may be that would not have happened quite so quickly if we had been in the system. If the market had been sufficiently impressed with our determination at the outset, that would perhaps have delayed it. Given the upward pressure that has been on us up to now, it seems rather doubtful whether we could

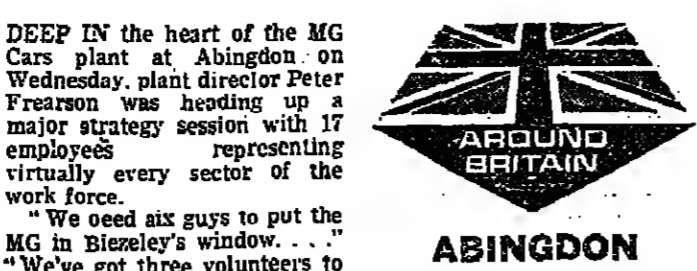
Technical

Overall, however, there has been so real chance yet to any of the main points which led the UK not to participate fully last December. Indeed the review of the system this autumn is likely to concentrate on technical points such as the workings of the divergence indicator and the weighting of different currencies in the European Currency Unit rather than on more substantive issues.

Several Treasury Economic Ministers, notably Mr. John Nott and Mr. John Biffen, were critical of EMS during the original debate last year. And while there may be some pressure for joining from the pro-EEC lobby, it at present seems likely that the UK will not want to make an early commitment and that sterling will remain at a (friendly) distance from other EEC currencies. Indeed, other EEC countries are not exactly clamouring for early British participation since sterling in its current "rogue elephant" phase could easily disturb the current fine balance of EMS.

House of Lords Select Committee on the European Communities: Session 1979-80 13th Report—European Monetary System. Stationery Office, price £1.50.

MG's jubilee sports



ABINGDON

DEEP IN the heart of the MG Cars plant at Abingdon on Wednesday, plant director Peter Frearson was heading up a major strategy session with 17 employees representing virtually every sector of the work force.

"We need six guys to put the MG in Bielefeld's window." "We've got three volunteers to sleep with the bear..." "Tell the queen to bring her football boots." Tomorrow, MG Cars, which began life putting sports bodies on standard Morris cars at Cecil Chambers' Morris Garages in Oxford and which now forms part of BL's Specialist Cars division, starts a week of festivities to mark 50 years of production in this Thames-side town of 30,000, of which MG is much the largest economic prop.

There will be a fireworks gala tomorrow evening, then throughout the week dances, driving tests, rat races on the river and a barbecue, culminating next Saturday with a carnival for which Abingdon will effectively be closed to traffic from the outside world.

Yet back at the plant, originally a leather factory which never recovered from the loss of its trench-coat sales after the first world war, MG's 1,100 employees throughout the week will be continuing to turn out the 650-700 MGBs, 150 Midgets and 20 Austin Allegro-based Van Den Plas which together comprise MG's current weekly output.

They do so on five assembly lines fitted into factory buildings which, although added to and altered over the years, are far from purpose-built for the job. Of automated moving assembly lines and robots there is not a sign, the cars make their transition from body shell to road readiness on trolleys moved mainly by hand, and for the most part the loudest noises inside the plant are those coming from work force banter.

The overall effect is far removed from the popular image of grim-faced men serving an automated master. In the past three months, that effect has been reinforced by the appearance of a new department adjoining the Van Den Plas line. Workers, who a short time ago were on the assembly lines, now practise their new (the factory's old) craft of leatherwork, making from scratch the hide seats which account for much of the 1980s price premium over its more mundane relative. Peter Frearson likes to point to the Van Doo Plas operation as an example of the plant's flexibility in terms of both products made and the work force itself.

The men, without objection, underwent a three-month Engineering Industry Training Board re-training programme on leather work, after the decision was taken to phase out the Midget sports car.

Output has been cut to the present level from 300 a week and by the end of the year the Midget will be another closed chapter of MG history. Its loss has been offset by the move from the Van Den Plas car from Cowley—output is being built up to 45 a week; by stepping up MGB production to 750 a week; and by installing its body shell trim at Abingdon instead of Cowley. Together, these moves should mean that Abingdon will not shed any of its labour force.

Yet the fate of the Midget in itself cannot help but raise questions about what long-term future is envisaged for the anachronistic Abingdon operation under the policy umbrella of its Jaguar Rover Triumph parent.

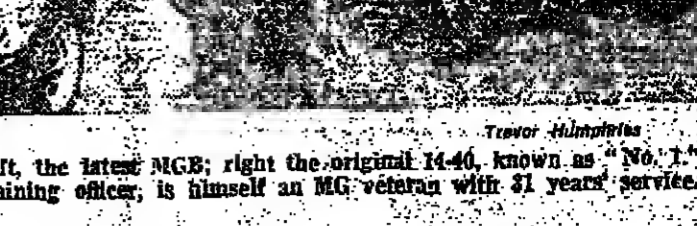
The current Midget is a much-evolved version of a model which first appeared in 1961. In the past couple of years it had been losing sales appeal and dealers in the U.S., its main market, were obliged to offer ever larger discounts; it had also become increasingly difficult to adjust its specifications to meet proliferating U.S. safety and emissions requirements.

Only a year younger than the Midget, the MGB also is long

in the tooth although its own evolutionary changes have allowed it to maintain its sales, particularly in the U.S., where the MG is a cult.

Yet Abingdon concedes that a burst of British inflation coupled with the strength of the pound could easily turn the "2" round from being the subject of an occasional US wedding list to an insold stock for that reason, MG is once again seriously looking at re-entering the European market which it forsook in favour of American sales four years ago.

Other steps are being considered to prolong its longevity. It is unlikely to be too long before the 2-litre "O" series engine finds its way into the car, and it could yet have some of the "classics" of the past re-assembled in greater quantities than at present without the investment



MGs ancient and modern: left, the latest MGB; right the original 1440, known as 'No. 1'. Tony Day, personnel and training officer, is himself an MG veteran with 47 years' service.

one-third of the workers have their 35-year service awards and where more than one family has three generations working at the plant.

In the past two years the fact that BL wages have not kept pace with those of other potential employers—notably the large new Ashfield trading estate on Abingdon's outskirts—has increased the turnover somewhat. But employees such as Stan Harris, with 35 MG years under his belt, make clear that their allegiance to MG, and Abingdon, is very strong.

Indeed, Abingdon and MG remain synonymous—hardly a regional town does not have an MG display in his window and Morland's Brewery has come out with a special beer for the company's Golden Jubilee. A potent brew, it is called the Speckled Hen—after one of the very first MGs ever made.

John Griffiths

Small line-up for the Solario

THE INTERCRAFT Solario Stakes has had a disappointing habit of cutting up badly at the final declaration stage in recent years and to-day's running of the race again sees a tiny line-up of four.

On this occasion winners to Rankin and Dragon's Head have just two maidens to beat the Newmarket pair, John O'Groats and Winslow.

This good looking son of the surprise Eclipse and "Arc" winner of a few seasons back travelled to today's course with a tremendous reputation preceding him last month. Backed down to 3-1 on Dragon's Head daily scored. But he needed to be pushed out to the line to get the better of Marcello. There were many far from impressed with the way he scored.

A close third of 11 behind the second rate Star Way in Royal Ascot's Chesham Stakes on his only previous appearance Dragon's Head is, I believe, much better than that narrow victory over Marcello might suggest. The first nomination to Mill Reef to be sold at auction will be on offer at a London dinner to be given by the Jockey Club in October to raise money for the charity headed by the Jockey Club Charitable Trust. The nomination, given by that renowned philanthropist and great supporter of British racing, Paul Mellon, is one of five to be sold at the dinner.

Opera and Ballet

COLISEUM Credit Cards 240 5258. ENGLISH NATIONAL OPERA. Tonight at 7.30: Die Entfuehrung aus dem Serail. Tomorrow at 7.30: Les Huguenots. 7.30: Les Huguenots. 10.15 am on 7.30: The Barber of Seville. New booking for Oct.

COVENT GARDEN. CC. 240 1058. Grand Opera. Tonight at 7.30: Les Huguenots. Tomorrow at 7.30: Die Entfuehrung aus dem Serail. 7.30: Les Huguenots. 10.15 am on 7.30: The Barber of Seville. New booking for Oct.

RACING

BY DOMINIC WIGAN Last year Lyphard's Wish, who has not been sparking in recent home work with Kris, faced only five opponents. Although the way Rankin achieved an effortless victory over 17 opponents headed by Eight Roses in the Nightwatch Stakes at Lingfield three weeks ago will see him heavily supported to follow up, I intend siding with the Star Appeal colt, Dragon's Head.

BBC 2

6.40-7.55 am Open University. 7.00 Play School (AS BEC-I 4.20 pm). 4.30 pm Cricket: Fourth Test—England vs India. 6.30 Open University. 6.55 Gardeners' World. 7.20 Mid-Evening News. 7.30 News from the Proms (simultaneous with Radio 3 stereo). 8.30 Kilvert's Diary. 8.45 News 89. 9.00 "The First Polka," starring Maria Schell. 10.40 Top Crowd BBC2. 11.05 Cricket: Fourth Test high-light.

CHANNEL

1.20-1.30 pm Channel Lunchtime News. What's On Where and Weather. 5.00 Pull-in Birthday Greetings. 5.05 Kudda Kudda. 5.10 The First Polka. 5.15 Report at Six Extra. 7.00 Documentary—Laos: From Hope to Fear. 7.05 Target. 7.10 News. 7.15 Channel Lunch News and Weather. 10.05 Cash and Company. 11.05 News in French.

Radio Wavelengths

1 105.2kHz/1295m 108.9kHz/275m 2 63.3kHz/473m 63.7kHz/435m 3 121.5kHz/247m 90.52/211m stereo 4 200kHz/1500m 89.1kHz stereo

RADIO 1

(S) Stereophonic broadcast by Medium Wave. 5.00 am As Radio 2. 6.00 Andy Paine's Breakfast. 6.30 News. 7.00 Radio 1 Roadshow. 7.30 News. 7.55 Paul Barnett. 8.00 Tony Blackburn. 8.15 Radio 1 Breakfast. 8.30 News. 8.55 The Friday Show. 9.00 News. 9.15-9.30 am As Radio 2.

RADIO 2

5.00 am News. Summary. 5.03 Tony Brandon. 5.30 David Allen. 6.00 News. 6.30 News. 6.55 Paul Barnett. 7.00 Tony Blackburn. 7.15 Radio 2 Breakfast. 7.30 News. 7.55 The Friday Show. 8.00 News. 8.15-8.30 am As Radio 1.

RADIO 3

5.00 am As Radio 2. 6.00 News. 6.30 News. 6.55 Paul Barnett. 7.00 Tony Blackburn. 7.15 Radio 3 Breakfast. 7.30 News. 7.55 The Friday Show. 8.00 News. 8.15-8.30 am As Radio 1.

ENTERTAINMENT GUIDE

THEATRES

AMBASSADOR'S. CC. 01-839 1721. Evening at 7.30. The Merchant of Venice. ANTONY AND JOYCE. CC. 01-839 1721. Evening at 7.30. The Merchant of Venice. ARTS THEATRE. CC. 01-836 2132. Tonight at 7.30. The Merchant of Venice.

CINEMAS

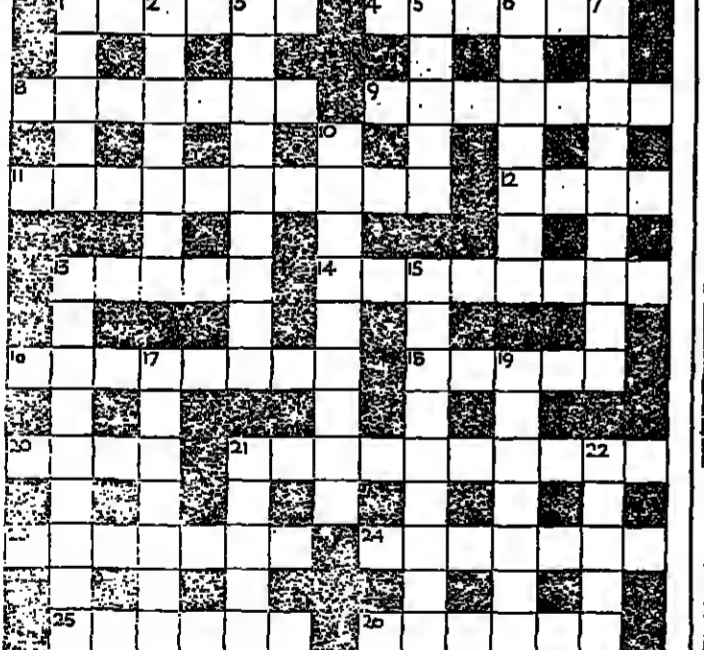
AMBASSADOR'S. CC. 01-839 1721. Evening at 7.30. The Merchant of Venice. ANTONY AND JOYCE. CC. 01-839 1721. Evening at 7.30. The Merchant of Venice.

PERSONAL

Who will provide jobs for our disabled ex-servicemen? Finding work is hard enough for disabled ex-servicemen, it's almost impossible. The Legion provides them with sheltered employment, but homes and other facilities. The Royal Poppy Appeal also provides them with sheltered employment.

BBC 1 indicates programme in black and white. 6.40-7.55 am Open University. 7.00 Play School (AS BEC-I 4.20 pm). 4.30 pm Cricket: Fourth Test—England vs India.

F.I. CROSSWORD PUZZLE No. 4061



- ACROSS: 1 Mean fried to judge (6). 4 Leading airman to disorder on face of milk (6). 5 Outgoing person with American bell (7). 8 Small boy to severely criticize one part of architecture (7). 11 Messed with a sting to it found landing (16, 4). 12 counts the Provisionals' question (4). 13 Great part of the day to find woman's address (5). 14 Post card is coded for the included only (6). 15 Cost of postmarking transfer to study case (8). 17 Part of furniture could be of legs (5). 18 Car in ding given to mate (7). 21 Best driver maybe could be part of sand deal (3, 2, 5). 22 Taking off Puerto hercule before cleaner appears (7). 24 Hard blow to schoolmaster backing company taking care of... (7). 25 cross-piece on rope that round broke leg (6). 26 Notice ring on Northern Ireland's handsome chap (6).

- DOWN: 1 Bear with patrol car (5). 2 He's late getting up story sailor took to oesman (13-4). 3 Regular golfer delivering the goods? (5). 4 Confederal words to one faction (5). 5 League leaders beef (7). 6 May not a peevish disposition be dowing? (9). 7 Discharge might produce armament (4, 6). 8 Something to thrash out with Mr. Froch too upset over (14, 5). 9 Forgetting it's deranged (3, 2, 4). 10 Aspect of banking having marked effect (7). 11 Everyone in favour of toy (7). 12 When first fool appears... (5). 13 and cheers county (5).

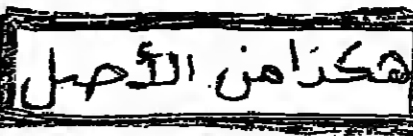
SOLUTION TO PUZZLE No. 4060

ACROSS: 1 MEAN FRIED TO JUDGE (6) M. F. T. J. 4 LEADING AIRMAN TO DISORDER ON FACE OF MILK (6) L. A. T. D. M. 5 OUTGOING PERSON WITH AMERICAN BELL (7) O. U. P. A. B. 8 SMALL BOY TO SEVERELY CRITICIZE ONE PART OF ARCHITECTURE (7) S. B. Y. T. C. 11 MESS WITH A STING TO IT FOUND LANDING (16, 4) M. W. I. T. A. S. T. I. N. G. 12 COUNTS THE PROVISIONALS' QUESTION (4) C. T. 13 GREAT PART OF THE DAY TO FIND WOMAN'S ADDRESS (5) G. P. C. A. 14 POST CARD IS CODED FOR THE INCLUDED ONLY (6) P. C. I. C. 15 COST OF POSTMARKING TRANSFER TO STUDY CASE (8) C. O. P. M. T. S. C. 17 PART OF FURNITURE COULD BE OF LEGS (5) L. E. G. S. 18 CAR IN DING GIVEN TO MATE (7) C. A. R. I. N. G. 21 BEST DRIVER MAYBE COULD BE PART OF SAND DEAL (3, 2, 5) B. D. R. I. V. E. R. S. A. N. D. S. A. N. D. D. E. A. L. 22 TAKING OFF PUERTO HERCULE BEFORE CLEANER APPEARS (7) T. A. K. I. N. G. O. F. P. U. E. R. T. O. H. E. R. C. U. L. E. B. E. F. O. R. E. C. L. E. A. N. E. R. A. P. P. E. A. R. S.

LOCAL AUTHORITY BONDS Every Saturday the Financial Times publishes a table giving details of LOCAL AUTHORITY BONDS on offer to the public For advertising details please ring 01-248 8000 Extn. 266

Who will provide jobs for our disabled ex-servicemen? Finding work is hard enough for disabled ex-servicemen, it's almost impossible. The Legion provides them with sheltered employment, but homes and other facilities. The Royal Poppy Appeal also provides them with sheltered employment.

THE ARTS



Cinema—Edinburgh Film Festival

Hitting the Jackpot by NIGEL ANDREWS



Lorraine Chase and Kenneth Williams

Greenwich

The Undertaking by B. A. YOUNG

The undertaker of the title is Kenneth Williams. In one of the shortest and least funny parts he has played for a long time...

his two brothers and their wives to "a family funeral" without mentioning whose funeral it was...

useful alternative was to telephone a taxi rank. There is a wisp of plot that concerns David's resolution to cancel the performance of his symphony...

You will suspect that I have shared in the Edinburgh Film Festival if I trumpet its praises yet again, sounding an even louder note than last year. But the festival continues to provide such astonishing value for its less-than-showering budget that I sometimes believe the entire British economy should be put in the hands of festival director Lynda Myles and her miracle-working cohorts.

Once again Edinburgh's far-divided cinemas necessitated long walks, costly taxi-rides or Noah's Ark journeys in the film festival minibus. But once again the effort was ungrudged because the cinematic incentives at the other end were so strong...

The British movies on show, as if sea-changed by Edinburgh's proselytising enthusiasm, were better than at any other festival this year (or any previous year at Edinburgh for that matter). I have waxed eulogistic about Quadrophonia already in these pages...

There is a hint of class-war propagandism in the film—the buddies are nearly all aristocrats or bourgeois—the goodies are mostly peasants—the weight of the message never capsize the buoyant momentum of the story.

I was second to few in my resistance to Derek Jarman's last film Jubilee, a lurid and over-seasoned rogout of Camperv, Punkery and Warhol-iana that should have passed out indigestion powders with its press hand-out.

Prospero's "island" has here become a gawgaw-crammed and sumptuously decaying slately home (somewhere in North England), and Beatrice Williams as the brooding philosopher-Duke holds sway over a rumbustiously obscene Caliban (Jack Birkett of the Lindsay Kemp troupe)...



Frank Langella in "Dracula," which opened in London this week and will be reviewed next week by Nigel Andrews

Zen was seen in London four years ago and showed Westerners that there could be more to Hong Kong cinema than the yowls, grimaces and jaw-smashing kicks of Bruce Lee. His new films, Legend of the Mountains and Raining in The Mountains, carry on the evangelistic work.

Made back-to-back in exotic locations in Korea, these epic period tales of feuding ghosts and intrigue-ridden monasteries have a dazzling beauty.

could have picked any of the following and found the cust of a ticket just about worthwhile. Eduardo de Gregorio's slow but beguiling La Menor Courte, set in Paris, is an art-movie answer to The Boys From Brazil and Marathon Man; portraying his Nazi war-crime villain not as a Hollywood ogre but as an "ordinary" incognito businessman found at the end of a winding trail of Kafkaesque mystery.

richer in pretension than in achievement. A fresh wind from the East blew into Edinburgh this year, in the shape of two films by the Hong Kong director King Hu. Hu's famous A Touch of Red

He uses the wide screen for all the panoramic power it is worth and he deploys the traditional Peking (opera-style) fight scenes—airial leaps, wind-bopping costumes, the balletic violence of limbs and weapons—not as a *discretissimo* for flagging moments but as integral climaxes in a subtly developed story.

There is something about making a gay documentary that brings out the best and the worst in film-makers. Discretion and proportion are thrown to the winds, and personal prejudice and erratic humour rush into replace them.

In Herr Von Praunheim's film (the Rosa is surely misleading) a nationwide survey of homosexual movements in modern America is interspersed with scenes of hilariously questioning relevance in which our director lends his own presence to demonstrations of gay malling habits. Our censor may or may not take kindly to these, but I wish he could give Army of Lovers as a whole consideration. The film may be all-over-the-place both as a work of documentary and a work of art; but it is hard to resist its vitality and its eighorlic championing of both the real and the ideal in gay life.

Advertisement for Banco di Napoli, featuring a logo with a figure and text: 'In MOSCOW', 'BANCO DI NAPOLI', 'Representative Office', 'Intourist Hotel, Ul. Gorkovo, 3-5 Tel. 2037342'.

Albert Hall/Radio 3

Kullervo by RONALD CRICHTON

Sibelius wrote his big programme symphony Kullervo in the early 1890s, when he was still under 30. In spite of initial success, he put it away. Though significantly he did not destroy it, he only allowed one performance of the central movement on his own, during his long lifetime.

The director is Donald McKechie, who really must get those men to lower their voices a bit. The charming ecclesiastical set is by Saxon Lucas.

St. John's, Smith Square

Hong Kong Youth by NICHOLAS KENYON

Over half the population of Hong Kong is under 25, claimed the programme for Wednesday night's remarkable and extended event at St. John's (the climax of a month-long visit by two country). Whether the statistic is significant or not I cannot tell, but this tiny Crown Colony is certainly enjoying a musical renaissance of great vigour, especially in the field of youth music-making.

Arts Council theatre directors' bursaries

The Arts Council has made ten awards to young directors to enable them to further their training in the theatre. Five awards go to trainee directors who will be working for one year with a company by whom they are adopted, and five go to associate directors to enable them to work for up to a year with a company by whom they are sponsored.

Arts Council theatre directors' bursaries

Young Vic: David Fleeshman (28) with Kenneth Alan Taylor at the Coliseum Theatre, Oldham; Alby James (24) with Stuart Burge at the Royal Court Theatre, London.

NOTICE OF REDEMPTION To the Holders of ENTE NAZIONALE IDROCARBURI E.N.I. (National Hydrocarbons Authority) 7% Sinking Fund Debentures due October 1, 1981. Includes a table of serial numbers and redemption details.

Advertisement for CAMRA (Campaign for Real Ale) with the headline 'CAMPAIGN FOR REAL ALE? WHAT'S IN IT FOR ME?'. Includes a cartoon of a man with a beer mug and text about membership and benefits.

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FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF
Telephone: 01-225 3000

Friday August 31 1979

Test for the job market

AFTER ONLY seven months, 1979 is already established as the worst year for labour disputes since 1972. Since existing disputes in engineering and the motor industry are still in their early stages, and there are many potential disputes to come in the new wave round beginning in October, it is clear that the margin over last year is likely to be very large — perhaps a hard winter in private industry, and perhaps public industry after the last hard winter in the public and transport services.

Adjustments
It is conventional to deplore such a state of affairs, and complain there must be a less destructive way of establishing wages and conditions of work, and every sensible person on either side of industry must support this as a long-range objective. However, the labour market is still in the second stage of a violent adjustment to realities which have altered radically. It seems probable that this adjustment simply cannot be made peacefully; indeed, the outcome of the disputes this winter may go a good way to determine whether it can be made at all. It is as well to understand what is at issue and what is at stake.

Ranking
This means that a number of important groups feel aggrieved because the settlements they achieved last year, which appeared a victory for industry when measured against Labour's five per cent norm, have proved well below average in the event. Some of these groups have seen little or none of the general increase in real incomes which has supported consumer spending in the first half of this year. In many cases employers recognise the need for adjustment simply in order to restore their customary ranking in the market. This means that some offers — for example the offer already made by Vauxhall — will appear unrealistically large measured against the pressures of competition.

Intolerable
This battle must be won, and preferably won reasonably soon, if a free market in labour is to survive, for while it is possible for a government to allow some groups to over-price themselves into unemployment and so provide an example of realities at work, a general trend to unrealistic settlements could pose an intolerable dilemma. The union leaders who forecast an official freeze within months will understand this.

Ranking
These pressures provide the second set of realities. In many cases industries are simply in no position to grant ambitious claims, even where these might be felt in some sense to be just, and gaining votes at the United Nations and other international bodies. What is more the U.S. understandably regards the region as very important from the strategic point of view.

The Caribbean needs help

THE DANGEROUS hurricane that is currently sweeping across the Caribbean menacing life and property may be seen as an unhappy parallel to the political and economic storms which beset the region. Over the past year, but increasingly in the past few weeks, news has come from the area of unrest and crisis.

Fraud
Through Mr. Burnham has claimed that the voting count had still enjoyed overwhelming support in the country, evidence that his ruling People's National Congress either committed or condoned fraud is strong. The fact that he had to cancel his visit to Lucrecia for the Commonwealth Conference earlier this month because of domestic unrest illustrates the seriousness of the situation in Georgetown.

Lending
The continuing precariousness of the economic life of much of the Caribbean precludes any genuine and lasting political stability. If Europe and the U.S. want calm in the region they must be prepared to put more financial and technical resources there. The lending agencies, while exercising prudent control over borrowing, must take account of the fragility of the region in framing their conditions.

Independence
When the trade negotiators of the EEC and other countries consider these commodities in a special interest, the particular disabilities of the region should be taken fully into consideration.

The titanium shortage puts governments on their metal

AN important and highly specialised metal now in short supply in major industrialised countries has been causing concern in Britain and the U.S. in recent weeks. Processed predominantly from a plentiful mineral called rutile found on Australian beaches, the scarcity of titanium is worrying aerospace manufacturers in the U.S. Meanwhile Russia, which is also a major producer, is said to be extending its use in military submarines.

The metal, which has a variety of industrial uses where heat and corrosion resistance are important, has also provided one of the first major embargoes for the British Government's industrial policy. The Government wishes to reduce drastically the amount of State aid to industry. But Sir Keith Joseph, Industry Secretary, has been forced reluctantly to sanction a National Enterprise Board project for a new titanium granule plant costing up to £30m — while adding that the NEB must search for private sector finance to take over its stake.

Echoes of the past

Ironically, this is the second time in nine years that a Conservative Government has had to trim its policy of disengagement in order to put up money to ensure the survival of the technological successes of one of the UK's major companies — Rolls-Royce.

Japanese report
Meanwhile there have also been reports that among expansion plans in Japan where Osaka Titanium is the biggest producer, a new version of the UK's Hunter process is being developed by Nippon Soda.

Tea and terror
In the latest accounts of McLeod Russel, the tea-plantation owners, I spotted an item rarely seen in such documents: "The profit for 1979 includes a grant of £223,000 received from the Zimbabwe Rhodesian Government in respect of loss of profits due to terrorist activity in the previous year." Behind this lies the story of what must be the most dangerous estate in the world, as it lies along the Mozambique border, in a region infested by Robert Mugabe's fighters.

MEN AND MATTERS

Professor told: You've resigned

Professor Alan Day of the London School of Economics yesterday opened a circular letter — marked "for information" — telling him that he was no longer a member of the Air Transport Users' Committee. Earlier this year, he had been appointed chairman-designate of the committee from October 1 until 1981. In both cases, the news had come from Nigel Foulkes, chairman of the Civil Aviation Authority.

Distant drums
Pop singers come and go, and when they are gone their new careers seldom seem to sparkle. But for Richard Shaw — stage name Rocky Shaw — things have gone from strength to strength.

Proper and improper
The art of lexicography has become much more scientific since Sam Johnson, in 1755, wrote such entries as: "Patron. Conspicuously a wretch who supports with insolence and is paid with flattery."

Man from Peru
A businessman from Lima tells me that he telephoned a Basingstoke company earlier this week and asked to speak to the manager. The girl on the switchboard asked who was calling.

Observer
"Oh," said the girl doubtfully. "Well, I'll put you through, but I think you'll find he's insured already."



rent producers. Titanium Metals Corporation of America (jointly owned by Alcoa's Lodiun and Alcoa's Lodiun Industries) Reactive Metals, jointly owned by U.S. Steel and National Distillers, and Oregon Metallurgical Corporation (in which Arco Steel has just bought a 43 per cent stake, with the remainder still in private hands).

Life for these companies has been difficult and their existence is only guaranteed by their stronger, more diversified owners. The one company which had no such backing until recently, Oregon Metallurgical, has, says Mr. Henry Peters, its president, been brought close to the brink of bankruptcy in recent years because of market conditions. Oregon has spent between \$15m and \$20m since 1969 on new plant which it was forced to shut down for five years until 1976 because of a combination of imports and over-capacity made production uneconomic.

Japanese report
The only other major U.S. development is a new plant at Freeport, Texas, which will come on stream in the mid-1980s producing titanium by a new electrolytic process. This is a joint venture between Dow Chemical and Howmet Turbine Components, a subsidiary of France's Pechiney Ugine Kuhlmann which is itself considering building a titanium plant in France.

Tea and terror
The West's production of titanium has been split roughly 50-50 between aero and non-aero uses although the aircraft demand has recently increased to about 60 per cent.

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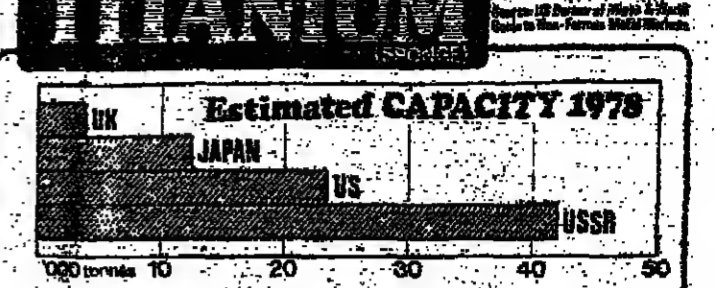
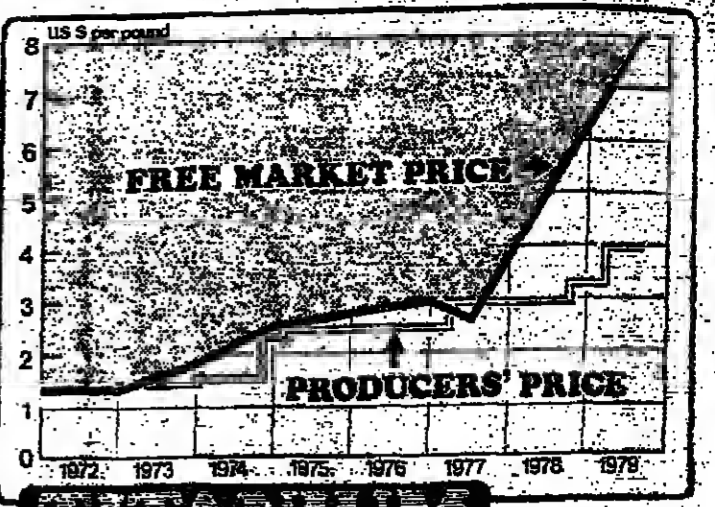
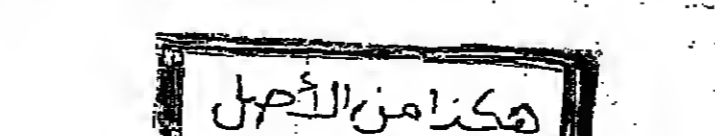
Even if he had the time, Shaw — still known as "Rocky" in Lime Street — feels his style would be too out of date for a return to the boards: "I was a singer when it was a la mode to sing in tune," he says with a hint of hauteur.

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ACCURATE figures of world titanium production are hard to come by because the Soviet Union is by far the biggest producer. Latest estimates by the U.S. Bureau of Mines are that output rose by 19 per cent in 1978 but that stocks fell by 27 per cent as a result of demand rising even faster.

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Ordering in advance

An executive at Titanium Metals has claimed that Boeing, the leading U.S. planemaker, is now ordering titanium three years in advance of its actual needs, which means that it is anticipating aircraft orders which have not yet been placed. If they fail to materialise, then U.S. titanium makers could again experience some of the old and familiar problems.

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Observer
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مكثان الأصيل

West Berlin: a subsidised paradise

THE THEME SONGS of West Berlin today come from Cabaret, the 1960s musical evocative of the 1930s. The show in a night club tends to consist of a jacked-up but otherwise naked young lady playing around with a toy machine-gun. Nostalgia piles upon nostalgia and no one can be quite sure of the extent of the irony, nor indeed whether any irony is intended at all.

Berlin remains what it always was, a very strange place. Few people could have predicted, however, the developments of the past few years. Two things have happened. The first is that the Four Power Agreement on the city in the early 1970s seems to have worked. Berlin today is no longer an area of great East-West tensions. There are stresses and strains to be sure, and the whole situation needs to be watched on an almost hourly basis. But the days when an incident in Berlin could have led to World War III appear to be over.

The second and presumably related development is that West Berlin has almost caught up with the Federal Republic. Anyone who comes here from Britain will have been conditioned by talk of zero growth and economic crises. In West Germany there is an economic boom almost reminiscent of the 1960s or of what economists call "the golden years." It extends as it did not always do in the past, to West Berlin. Signs of affluence abound and there is a surprising amount of economic confidence about the future. West Berlin has become in many ways like any other thriving German industrial city. There is no longer so much of a tendency to regard it as essentially different because of its geographical position inside the German Democratic Republic.

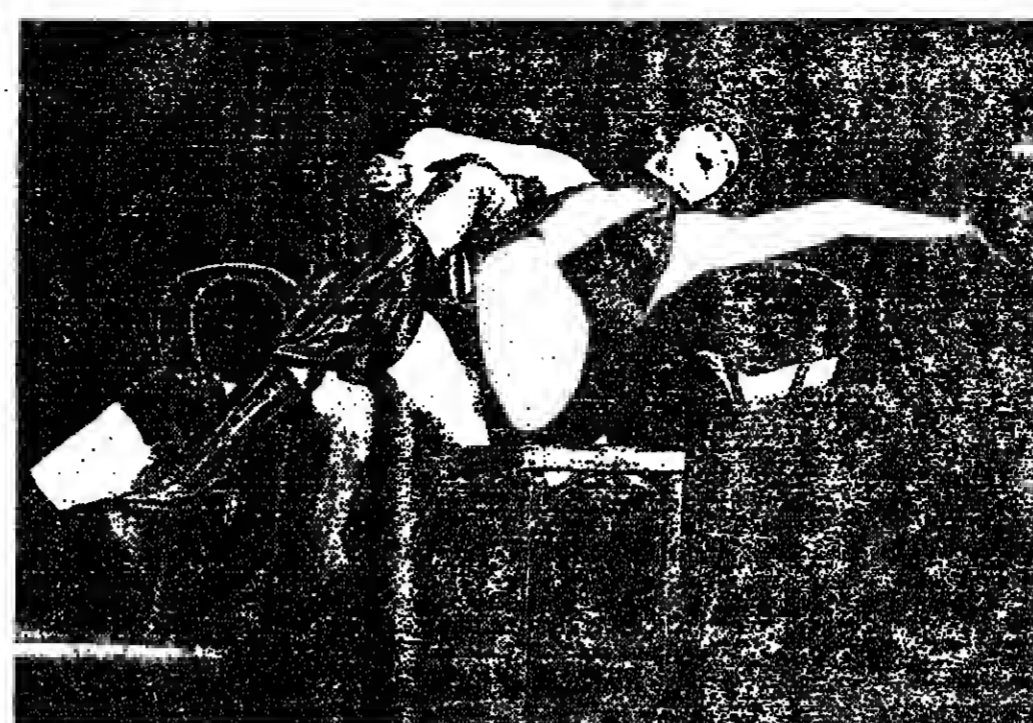
Yet there is also a catch. The Four Power Agreement — between Britain, France, the

U.S. and the Soviet Union — ensured a certain stability. But economic growth was not spontaneous. What happened was that the Federal Republic began to increase its Berlin subsidies. In 1969 the budget of the West Berlin Government was subsidised by about 40 per cent by the Government in Bonn. Today the figure has risen to around 54 per cent.

One can put the figures in other ways, nearly 60 per cent of all the regional aid provided by the West German Government goes to Berlin. Or again, the aid received from Bonn is 1.6 times higher than West Berlin's contribution to West Germany's gross domestic product. It is also notable in passing that aid to Berlin should be counted as part of West Germany's defence expenditure. By this reckoning, which may well be artificial, Bonn's defence spending appears substantially higher than it actually is. The inclusion of aid to Berlin under defence takes defence spending up by nearly one percentage point of GDP.

Berliners pay less income tax and West Berlin companies pay less corporation and value added tax than their counterparts in the Federal Republic. One of the latest ventures is a scheme to subsidise a Berlin film industry, though there are difficulties about deciding which films should be helped. Pornography is regarded as distasteful, but sometimes acceptable. No one quite knows where to draw the line. The real problems, however, come with political films, some of which are distinctly hostile to the West German Constitution.

The departure from the rules of the market economy may be explained because Berlin is a special case. But something else has happened. Quite a lot of people appear to like the present situation and indeed to prefer it to that of the rest of West Germany. The decline in West Berlin's population has more or less come to a halt. Last year there was actually an increase and if it was accounted for by an inflow of foreigners, it has always been the case that Berlin is a cosmopolitan city.



Liza Minnelli in the film Cabaret, whose songs still dominate West Berlin.

with Herr Stobbe pressing for an early meeting between Chancellor Schmidt and the East German Head of State, Herr Honecker. The Chancellor is demurring and since the East German authorities are going through a period of tightening up internal discipline it is hard to believe that the moment is auspicious. Herr Stobbe's point is that it is precisely at times like these that West Germany must keep up the pressure for further improvements.

Concessions

Yet the disbursements are probably confined to timing and tactics, of the need to go on negotiating with the East Germans there is no doubt. There is no doubt either about the general approach and it again comes back to money. The theory is that East Germany needs foreign exchange and will be prepared to make political concessions in order to get it. That has been the basis of the progress so far. The West Germans, for instance, are financing the autobahn from Berlin to Hamburg. Other, similarly financed, improvements in communications are under way. It is also notable that East Berlin is benefiting from the shortage of hotel rooms in the West. Many of the visitors to the current Home Electronics Fair are being obliged to sleep on the other side of the Wall, thus providing further foreign exchange.

But there is a limit to how much can be done in this direction. The view in Bonn is that West Germany can probably go on financing the development of the East German infrastructure for a while longer, but Herr Stobbe is thinking more ambitiously. He would like to ensure West Berlin's energy supplies by taking natural gas and electricity from the Federal

Republic. (It has been discovered that the geological structure of Berlin is such as to allow massive underground gas storage.) The problem is that East German permission would be required for the laying of pipelines and cables across its territory.

Again the answer comes back to money. Herr Stobbe at least is convinced that sooner or later the East Germans will agree because they will want the hard currency. There may be greater scepticism in Bonn, and less willingness to pay, but there is no basic difference in the approach. It is that the way to improvements in Berlin lies through cash and that West Germany can afford to provide it. It is also almost as if West Germany has assumed a special responsibility to finance the East German economy.

The story has no moral, except perhaps the power of money. It may also show the wisdom of making predictions. Who would have thought a decade ago that West Berlin would become such an apparently thriving industrial city so relatively free of tensions? And the story is far from over. Herr Stobbe would like to reopen the Brandenburg Gate which stands today as an historical monument between East and West Berlin. He says it should be possible to do it without reunification which he denies he is seeking, and anyway no one can say how reunification could possibly come about. What seems certain, however, is that change will continue. A process has been started that will be difficult to check and Berlin has turned out to be too lively an entity to be allowed to atrophy. There are in fact three Germanies, East, West and West Berlin, but from time to time they all act together.

Melcolm Rutherford

Subsidised

The exact figure for net federal aid to West Berlin is not available and depends on all sorts of calculations. The Government in Berlin puts it at present at around DM 5bn (£1.25bn) a year. And, of course in the context of the German economy as a whole that is peanuts. West Germany can afford to pay. But it is a very considerable contribution to the Berlin economy.

The result is that despite all the signs of affluence and growth, West Berlin is not like other German cities at all. It is a highly subsidised economy. The laws of the market have been almost suspended. Apart from direct subsidies, West

Moreover, some of the long-standing social problems have already been resolved, partly due to federal aid. In the early 1970s there used to be a shortage of kindergarten places. That appears no longer to exist. The staff-pupil ratio in Berlin schools is considerably better than in most West German cities. Demographic factors seem to be moving in Berlin's favour as the old die off, the young reproduce and new people move in. A decade ago it used to be a nightmare that Berlin would become a city of old-age pensioners. That is no longer the case.

What seems to attract the inhabitants is a feeling that Berlin is more relaxed than the Federal Republic. There is less competition, more room, less

pushing, it is easier to do what one likes, and, of course, all that would be true of a city as liberally subsidised, where all the infrastructure is provided and where even the student libraries, let alone the facilities for the children of working mothers, can be magnificently provided. West Berlin has become in many ways a Social Democrat paradise, though on somebody else's money.

The problem remains of what happens next, and it is here that the views of those in Bonn and those in Berlin may begin to diverge. It appears to be generally agreed, although there is nothing in writing, that the subsidies can not go on rising indefinitely. Herr Dietrich Stobbe, the city's

governing mayor, says that he would like to bring them down to 50 per cent of the Berlin budget and stabilise them there. But there is no practical sign of that happening and no great groundswell of opinion demanding that it should. Meanwhile, companies already established in Berlin continue to receive cheap credits for new investments in the city even though they admit that they would make the investments in any case.

For Bonn the amount of money involved remains relatively small, although some of the poorer German laender could start complaining about the privileges given to Berlin. It is a modest price to pay for ending the Berlin crisis and

perhaps one day the Western sector really could become like any other West German city.

Herr Stobbe at least, however, has other ambitions and it is indeed difficult to see how the situation can remain static. The Four Power Agreement and the subsequent agreements improving relations between the two German States are part of a continuous process. They created the conditions for further negotiations, but as it is nothing like normalisation has yet been achieved. All sorts of anomalies abound: The Berlin Wall, for example. So the question is where Berlin goes from here.

In the past few days there have been reports of disagreements between Bonn and Berlin

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Letters to the Editor

Developing countries

From Mr. O. Laband

Sir,— Professor Mann (Aug. 25th) states that the disposable income of the rural population in developing countries can be increased by food processing units instead of heavy industry. I would agree with this in principle, but the difficulties of establishing viable, balanced units are manifold.

Unit cost per kilo or litre produced must be at least as low as those of imported goods or if export is the aim the CIF price must be competitive with goods produced by possibly larger units. Marketing small amounts creates problems unless the product is exotic or specialised.

In developing countries most products are produced by small farmers often a long way from the factory and have to be handled first to a motorable road and then transported on often indifferently high cost.

Amounts of suitable produce available for processing are normally marginal, and any shortfall due to climatic conditions will affect the viability of the enterprise which will be geared to a minimum tonnage.

The high cost of imported packaging materials make it difficult to compete with more developed countries' products.

While I accept the principle I would advise a very careful feasibility study of any one project.

Mr. O. E. K. Laband, Glasgow, East Jersey-Etic, Fife, Scotland.

physically if necessary, any attempt at a reasonable solution to a difficult problem," I leave your readers to decide whether he merits support or whether they would support a movement willing to argue sensibly, to convince and to persuade.

Are the people of East Essex and North Kent of no importance?

Councillor D. C. Wood, The Chase, Polesham E. End, Rochford, Essex.

Brothers Discount Co's interest in Kirkland-Whittaker Group, Mr. James Bartholomew made a number of assertions about the relationship between discount houses and their money-broking subsidiaries which call for comment.

At no time since the Bank of England in 1965 first allowed discount houses to make such an investment has it expressed the view to me or to my predecessors that it "dislikes a money market principal (like ourselves) owning a broker" or that there is any "fundamental clash between the discount house's function and that of the broker." At no time has it obliquely or directly suggested to us that it would be happy to see us divest ourselves of our investment.

As Mr. Bartholomew says, the relationship between the two

Institutions should be abused, just as in a merchant bank the relationship between the investment department and the corporate finance department could be abused. In practice the parties operate at arm's length. If it were otherwise their reputation for impartiality would be destroyed overnight, with consequences to the business so detrimental as to outweigh any temporary advantage.

W. J. Kilpatrick, Gillett Brothers Discount Co, 65, Cornhill, EC3.

World trade in textiles

From the President, The Knitting Industries Federation

Sir,— I must protest against the views expressed in your leading article "World trade in textiles" (August 23). Perhaps it is time for free traders to take a long hard look at real protectionist countries. I refer to almost the whole of the southern hemisphere plus most emerging countries who operate either complete bans on textile imports or else prohibitive tariffs (Brazil 200 per cent) yet these very same people seem to think they have a God given right to ship any amount of their goods into the EEC.

We in the Knitting Industries Federation are not being "dog in the manger." We do not ask for a complete ban on imports into the EEC. We do ask that textile imports should be limited to a percentage of previous year's retail sales. We are also looking for reciprocity. If, say, 20 per cent of the EEC is to be open to textile imports then we demand that 20 per cent of the importing countries market be opened to EEC textile exports on the same tariff rates that apply in the EEC. We are no longer prepared to accept the position where, because China—or indeed any other country—wants to import Jump Jets, they then dump their textiles here to pay for them, decimating our industry in the process. Under the present Multi-fibre agreement quotas increase by up to 5 per cent each year depending on product group, irrespective of market conditions. In a recession, therefore, they get an increase while home manufacturers stand all the lost sales. If the increase in quotas continued for long enough they would finish with the whole of the market and this is called protectionism!!

It is essential that home-based manufacturers know what percentage of the EEC market is theirs and is inviolable.

You state that transitional measures may be required to allow old fashioned high cost industries in the developed world to adapt—may we ask to what? It is time that free traders, Governments and the Commission came down from the clouds and got their feet firmly on the ground. While we are a piece rate industry with productivity second to none there is no way we can ever compete with countries who have the latest plant—who are capable of producing goods to the highest standards—but paying 10 per cent or less of the wages we pay, with no paid holidays, no pensions, guaranteed weeks or social charges of any

kind. Are you suggesting we pay our employees in this manner treating them as slave labour in order that we may compete or are you suggesting huge Government grants to enable us to get into another industry? If so, may one ask which one?

Our representatives on the CBI tell me that there is now virtually no industry which is not now suffering from cheap imports. If this is allowed to continue it will eventually be impossible for an ever declining industrial base to support the ever growing social charges that will be needed to provide for the mounting army of unemployed within the EEC. Cheap imports are no longer cheap when people have to buy the money with which to buy them.

When you quote German experience as an example of success it is important to remember that their industry has been decimated by cheap imports with widespread bankruptcies. They now have a labour force less than half of what it was in the very recent past. Some companies have survived not so much by trading up as by outwitting the EEC. Textile goods made up in cheap labour countries. They have in effect exported their employees jobs.

Our industry is constantly being told to trade up. As the top end of the market cannot be more than 10 per cent we assume that 90 per cent of the industry is to be allowed to die? Even then this is no answer, for many emerging countries are capable of producing goods for the top end of the market at considerably lower prices than our industry due to their labour costs.

The home textile industry is one of the most fiercely competitive and efficient industries in the country working on extremely low margins—an average of 3 per cent profit on turnover before tax. It is likely to be less affected than most by the microprocessor and therefore an excellent source of employment both now and, given reasonable markets, in the future. A fact which will assume even greater importance politically during the next decade.

It is composed of a high percentage of small companies, many run by owner managers. The type of company this Conservative Government is committed to support. It is deserving and I am sure will get as time goes on better understanding and support for its endeavours.

J. A. Wheatley, The Etire Hosiery Company, Hoxley Road, Hinckley, Leics.

Supplies of gas

From the Head of Technical Advisory and External Affairs Department, Institute of Purchasing and Supply

Sir,— Sue Cameron in her article on gas supply (August 22) wrote within the context of the chemical industry. According to information received from members of the Institute of Purchasing and Supply, companies in various sectors of industry are apprehensive that adequate supplies of gas will not be available in the coming year and production may suffer as a consequence.

There are two types of problem. The first is a company which uses gas as its only industrial fuel, and has a contract for an uninterrupted supply which has to be renegotiated each year with the relevant regional Gas Board. It is being reported that these companies are being told that, in future, they will not be supplied with more gas than the maximum estimated usage shown in the existing contract although current contracts permit this. Assuming that the companies are using gas efficiently, this restriction on supply could inhibit the possibility of increased production since a marginal increase in production would not justify the expense of providing a second fuel supply even if the manufacturing process could accept it.

The second problem concerns those companies which have a contract for a gas supply which can be interrupted at the discretion of the Gas Board. The second fuel used when the gas supply is not available is often fuel oil. This type of gas contract is usually for a period of one year. It is being reported that when such contracts are renegotiated, the period of interruption of supply required by the Gas Board can now be as long as 90 days. To compound the problem, there is real doubt that firms will be able to arrange supplies of fuel oil to fill the gap. Although these problems have been described in an industrial context, commercial users of gas are faced with similar problems.

This Institute acknowledges the statutory requirement placed on British Gas Corporation to supply domestic consumers and appreciates the technical problems which would be created if demand from all quarters exceeded supply. Nevertheless, if British Gas Corporation cannot meet the demand from domestic, industrial and commercial consumers, the Government should take action to resolve the problem taking account of the potentially conflicting social and economic considerations.

E. L. Walker, IPS House, High Street, Ascot, Berks.

Third London airport

From the Chairman, The Defenders of Essex Association

Sir,— Unlike Mr. R. Vallance of the Langley/Nuthamstead Preservation Association, who seems anxious to get rid of his personal problem by suggesting that someone else should suffer, I do not wish to advocate that the third London airport should be sited at Langley. But I would like to challenge his letter of August 25.

He is incorrect when he says that "it is generally accepted that Langley cannot be on it (the last list) because Roskill was able to reject the same site out of hand." It is not the same site, the problem under consideration is different in size and much has changed since the Roskill report. Mr. Vallance is surely aware that Roskill turned down the coastal site of Maplin and in so doing showed that the agricultural loss was greater at Maplin than elsewhere (a fact conveniently forgotten by so many purblind "inlanders"), that Maplin had considerable environmental penalties and that Dr. Burns could see no major planning virtue in its choice.

The choice of the coastal site of Maplin would involve major, and unique, environmental loss and would seriously endanger the ecology of the Thames Estuary. A realist could argue that there is little unique in the threatened inland sites there certainly is at Maplin. If Mr. Vallance and his friends are saying to the Government: "Choose a costly, inefficient, unique coastal site; ignore all its disadvantages, saddle the country with a white elephant and, if you do not, we will attack,

Today's Events

- GENERAL**
- UK: Striking Mersey dockers mass meeting to consider peace formula.
 - British National Oil Corporation monthly Board meeting in Glasgow.
 - Pay talks at Vauxhall Motors.
 - National Society of Operative Printers, Graphical and Media Personnel (NATSOPA) executive council meets.
 - Overseas: Mr. Walter Mondale, U.S. Vice-President, continues tour of China.
 - Striking Rotterdam dockers meet to discuss a renewal of wage talks.
- COMPANY RESULTS**
- Final dividends: Parker Timber Group, Stoddard Holdings, Interim dividends: Church and Co, George Spencer, Wagon Finance Corporation.
- COMPANY MEETINGS**
- British Dredging, Royal Hotel, St. Mary Street, Cardiff, 12.15 pm.
 - Piersey, Millbank Tower, 21-24, Millbank, SW, 12.
 - Sound Diffusion, Datam Work, 30-32, Davidsdor Road, Hove, 5.30.
- LUNCHEON MUSIC**, London Band concert, Tower Place, noon to 2.00 pm.
- Pop band Travelling Voice** concert, St. Margaret-within-Ludgate, 12.15 pm.
- First and last cello sonatas** of Beethoven, John Franca (cello) and Eric Stevens (piano), St. Lawrence Jewry next Guildhall, 1.00 pm.



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Plessey ahead but strikes will hit second quarter

TAXABLE profits of Plessey advanced from £12.41m to £13.17m in the first quarter to June 30 1979 on sales ahead from £161.9m to £171m. And the group is "quite confident" about the remainder of the year although it warns that second quarter figures will show the impact of strikes and disputes now facing the company.

The first-quarter surplus was struck after a big fall in associated profits from £2.65m to £200,000 which was due to the sale in January of the ICL share.

After tax of £1.7m (£1.22m) and minority of £262,000, against £267,000, the surplus comes through at £5.2m, compared with £7.2m. Stated earnings per 50p share are up from 3.22p to 3.46p.



Sir John Clark, chairman of Plessey... quietly confident about the remainder of the year.

First quarter 1979	1978
Sales	161.9
Operating profit	2.65
Finance charges	1.45
Minority interest	0.26
Profit before tax	10.94
Tax	1.70
Minority interest	0.26
Profit after tax	8.98
Dividends	1.22
Surplus	7.76

Because a majority of deliveries during the quarter was under fixed price contracts entered into in 1978, the group's profit margin is expected to be strong. The order book stands at £8.8m with £1.5m of orders for 1980. A spokesman said later that losses at the Straker telephone exchange equipment plant at Edge Lane, Liverpool, had been running at the rate of £500,000 a month during the first quarter of last year. Over the first three months the losses had been cut back to a rate of some £400,000 a month. The losses at Straker—where the work force has been reduced by over a 1,000 to 3,500 in some six months—will continue into the second quarter. But, as profitable contracts work through, a recovery is being foreseen. The spokesman added that they expected to make up these losses during the second-half. The group now has more satisfactory pricing arrangements and a clear indication of forward requirements for equipment. Costs were down, prices up and there was a more stable outlook. The general business finished the last financial year with a £2.5m loss. This time forecast is that the loss should be cut back to around £1m.

First half downturn to £0.8m for Lec

FOLLOWING a fall from £1.64m to £1.56m for 1978 the directors of Lec Refrigeration report a pre-tax profit downturn from £207,000 to £202,000 for the first half of 1979. Turnover was £14.48m against £15.4m.

In June the directors said that progress was slow in the first quarter of the year, and was not helped by the transport dispute and adverse weather conditions.

After six months' tax of £417,000 (£320,000) earnings are shown as 8.37p (7.89p) per 25p share. The net interim dividend is increased to 1.35p (1.03183p)—last year's final payment was 1.54222p.

comment

For the third successive year Lec's results reflect the impact of intense competition, mainly from Italian refrigerator manufacturers. In addition, there were the effects of the lorry driver's strike and the bad weather while exports, hit by adverse exchange movements, fell from 21 per cent to about 15 of total sales. However, the first-half profits shortfall of £100,000 is due to a number of factors. The company's stock levels are low and productivity will be drastically reduced if the current industrial action by the engineering unions is stepped up. Drawing a line through the interim dividend increase, the prospective yield is 0.3 per cent.

Somportex higher at £176,000

With £46,472, against £26,252, coming in the second half, Somportex Holdings, confectionery, groceries and delicatessen distributor, lifted pre-tax profit from £163,055 to £175,915 for the year to April 30, 1979. This was, however, still down on the record £1.9m seen in 1974-75.

Tax on profit of £24,983 to £102,252 left earnings per 7p share for 1978-79 down at 10.32p (11.15p). Sales reached £3.7m (£3.62m).

The winter weather and household strike badly affected the normal non-seasonal confectionery sales but both Christmas and Easter went well, say the directors.

Confectionery profits were boosted by a new line but the delicatessen sector is not yet achieving its budgeted contribution.

The net dividend is stepped up from 3.77p to 4.5p.

WATERFORD GLASS

Waterford Glass has decided to exercise its right to convert the remaining 1,209,731 10 per cent cumulative redeemable preference shares into ordinary shares.

Blue Circle dips £0.7m —£19m Chile deal talks

HIGHLIGHTS

Lex looks at the first-quarter figures from Plessey, where profits are improving despite the losses in the Liverpool telecommunications subsidiary. Blue Circle Industries suffered a slight interim shortfall, on the other hand, as the effect of currency realignment took its toll. The group pushed through a 13 per cent price increase earlier this month but Lex considers that this will be offset by rising costs. The column also looks at the market for precious metals and ponders the future for gold and silver which have again hit new peak prices. Elsewhere the annual figures from Brown Brothers are analysed, not to be confused with BBA whose interim results are also inspected. Other interim profits which draw comment include Stewart Wrightson, Lec Refrigeration, Scottish Agricultural Industries and Britannia Arrow, once known as Slater Walker Securities.

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Sharpe and Fisher up halfway: sees record

TAXABLE PROFITS of Sharpe and Fisher, builders' merchant, rose from £24,581 to £27,948 in the first half of 1979, on increased turnover of £10.38m, against £8.66m.

The directors say all sections of the group are busy and they look forward to another record year. In the last 12-month period, the surplus reached £1.19m (£0.91m).

Tax for the half-year took £142,000, compared with £128,000. The net interim dividend is effectively raised from 0.42p to 0.5p—last year's total was equivalent to 1.3905p.

Deborah Services up 16.3%

WITH TURNOVER 50 per cent higher at £13.6m, pre-tax profits of Deborah Services rose by 16.3 per cent from £1.04m to a record £1.21m for the year ended March 31, 1979. The result was struck after writing off development costs of £288,765 incurred through research and development.

The scaffold contracting and building equipment divisions lifted turnover by 72 per cent to £10.16m and, despite the bad winter, pre-tax profits increased by 129 per cent to £1.37m.

Because of severe competition and the phasing out of unprofitable contracts, profits of the insulation side slumped from a peak £470,531 to £59,807, on turnover of £3.33m (£3.17m).

Tax for the year took £712,000 (£591,000) and earnings per 5p share are given up from 8.05p to 9.1p. A final dividend of 2.5p effectively raises the total from 1.06p to 1.16p.

Mr. A. L. Britton, the chairman, says the current year has begun satisfactorily, with both scaffold contracting and building equipment divisions maintaining their improvement. The insulation side is still experiencing severe competition but is expected to show better results this year.

Viable products have now been developed in the specialist divisions of furnace manufacture and coatings applications and these items are being contracted for both at home and abroad. The Board continues to view the future with confidence.

The company's shares are traded by M. J. H. Nightingale and Co.

Meeting, Wakefield, September 26, noon.

Brown Bros. second half pick up

A SECOND half pick-up from £1.91m to £1.41m left taxable profits of Brown Brothers Corporation, a subsidiary of Dana Corporation, of the U.S., unchanged at £1.6m for the year ended June 30 1979. Turnover was up by over £14m to £28.4m. Profit for the 18-month period ended June 30 was £3.42m.

The directors state that accounts indicate satisfactory trading in the current year, with profits ahead of the same period last year. They say these trends should continue, subject to general economic stability.

At the interim stage, with profits behind at £1.72m (£1.82m), the directors said the group, motor accessories distributor, had made a reasonable start to the second half, but felt it unwise to forecast continued growth for the months immediately ahead.

Stated earnings per 10p share are 8.5p (8.5p) after lower tax of £137,500 (£233,000), and the dividend total is 1.39p (1.32p) for 15 months with a 0.57p pay limit.

Inaugurated the new schedule with some fairly colourless results. Pre-tax profits have decreased, albeit by less than 1 per cent on 19 per cent higher turnover. The group, which has suffered from higher interest charges, has been particularly hit by the January-February road haulage strike; distribution accounts for approximately 30 per cent of turnover. Profits have also been absent from the recently closed radio electrical division. But the board has boosted the total dividend by a quarter, covered more than four times and paying 8.5p per cent on a share price of 28p, down by 3p. The stated p/e stands at 37, which is less than inspiring. Nevertheless, it is a sign of confidence to recover, as it has since the beginning of the new financial year, the group's performance could be improved reasonably by next year.

BBA set for significant rise

A RISE in overseas profit more than offset the UK downturn, and left tax profits of BBA Group just ahead from £3.71m to £3.52m for the half year ended June 30 1979. Sales rose from £80.2m to £88.5m.

Several companies are expected to give better results, and they believe the group's profit for the full year will show a significant increase over the record £7.6m for 1978.

Pre-tax figure for the first six months included associates' contribution of £265,000 against £254,000 and was split as in UK £1.54m (£2.15m) and overseas £2.28m (£1.99m).

Tax for the period increased to £1.5m (£1.35m), the difference attributable to a rise in the overseas charge to £1.34m (£84,000).

Net profit was thus lower at £1.92m compared with £2.26m five years earlier of 3.5p (4.12p) per 25p share.

The interim dividend is effectively raised to 0.54p (0.7022p) net, last year's final being an equivalent 1.42733p. Also announced is an additional 0.0639p for 1978 on ACT reduction.

	1979	1978
Sales	88.5	80.2
Operating profit	3.52	3.71
Overseas	2.28	1.99
UK	1.24	2.15
Finance charges	0.81	0.82
Associates' profit	0.26	0.26
Pre-tax profit	2.71	2.71
UK	1.54	2.15
Overseas	1.17	0.56
Tax	1.79	1.35
Net profit	0.92	2.36
Minority loss	0.15	0.17
Profit	0.77	2.19

comment

Problems in the UK left BBA's interim profits only 3 per cent higher. The new Regina Fibreglass plant is only now generating sufficient turnover to break even and the Sovex Marshall mechanical handling division was also losing money because of a bunching of orders towards the end of the year. With the haulage strike creating difficulties early on and the engineering strike now threatening the second half, the grass looks greener abroad, particularly as some of the foreign companies buy raw materials from Canada and benefit from the weakness of the Canadian dollar. The lacklustre performance of the domestic motor industry suggests that the foreign interests will continue to contribute the majority of overall profits, with the Spanish subsidiary, for example, set to cash in on the proposed car plant. Some second-half recovery can be expected in the UK, however, putting profits of £3.5m within reach. This would leave the shares on a fully taxed p/e of 7, where the yield is 8.1 per cent assuming the interim dividend rise is maintained.

Barker & Dobson scheme approved

SHAREHOLDERS of Barker and Dobson voted yesterday in favour of a capital reduction scheme which will allow the company to pay dividends under the proposed Companies Bill by wiping out a deficit on revenue reserves.

The par value of each share will be reduced from 10p to 5p. Each share will then be subdivided into two shares of 5p and every one of these will be consolidated into one new 20p share. Mr. Ronald Aitken, the chairman, told the annual meeting that he did not expect the reconstruction to affect the group's market capitalisation.

He said that the UK confectionery industry in general suffered a fall in demand over the first half of this year, but that Barker and Dobson had been able to offset this by increasing the market-share of its medicated products and moving into premium goods, such as Bournville and Walker chocolates. The acquisition of which it completed this year.

The company has also entered into an agreement with Irish Tea Merchants which will cut the distribution costs of its Lomax confectionery. Lomax's last annual £100,000 last year but can now look forward to a profitable future, Mr. Aitken said.

Yesterday, it was suggested that Barker and Dobson was not paying a dividend for 1978-79. In fact it has distributed an interim of 0.134p per share and will pay a final of 0.250p.

London Investment

London Investment Trust announces that in connection with the recent rights issue of 6,349,650 Ordinary shares, provisional allotments have been accepted in respect of 5,148,982 Ordinary shares.

The remaining 1,200,668 shares have been sold through the market at an average price of 8p per share and the net proceeds of the sale, after deduction of

New business up at Refuge Assurance

New business figures for Refuge Assurance Company for the first half of 1979 show ordinary branch new sums assured up from £44.64m to £50.59m.

New annuities per annum were £424,000 (£54,000), new premiums per annum, £1,822m (£1,521m), and new single premiums, £331,000 (£347,000).

Industrial branch new sums assured rose from £58.57m to £62.69m, with new premiums per annum at £4.62m (£3.99m).

General branch total premium income increased from £2.31m to £4.07m.

The interim dividend is lifted to 3.4p (3p) net per 5p share—last year's final was 6.2p.

Iran hold-up hits Thos. Robinson

A hold-up of goods due to be shipped to Iran affected the half-year results of Thomas Robinson and Son, engineer and machine maker. As reported yesterday, pre-tax profit for the first half of 1979 declined from £391,000 to £176,000, on marginally higher turnover of £3.65m against £3.5m.

The Board explains that the results' disappoint mainly because goods that have been manufactured and packed ready for shipment to Iran have been held up at the company's works awaiting clearance of formalities. The value of this production is reflected in increased stocks and work in progress at the end of June. However, there are hopeful signs that shipment will start again before the end of the year.

The company's order book will enable it to keep in full production beyond the end of the year and, subject to early settlement of the engineers' national dispute, the Board anticipates a satisfactory result for the year.

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DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corr. of div. year	Total for year	Total last year
BBA Group	0.54	Jan. 7	0.7	—	£2.19
Blue Circle	0.57	Oct. 25	3.22	—	10.43
Brown Bros.	0.87	Jan. 2	0.62	1.4	1.62
Erskine House	1.44	—	1.25	2.18	1.91
Horse Property	1	Oct. 15	—	—	2.1
North Broken Hill	55	Oct. 22	5	12	8
Alixconcrete	1.55	Oct. 22	1.43	—	3.57
Refuge Assurance	3.4	Nov. 2	—	—	9.2
Scott Airtel	1.75	Nov. 5	—	—	12.5
Sent. Northern	11.3	Nov. 5	0.8	—	25.3
Sharpe & Fisher	0.5	Nov. 1	0.42	—	1.39
Somportex	4.5	Oct. 18	3.77	4.5	3.77
Stewart Wrightson	3.53	Nov. 9	3.6	—	11.06

BANK RETURN

	Wednesday Aug. 29 1979	Increase (+) or decrease (-) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	27,221,865	+ 5,019,970
Special Deposits	590,000,000	—
Bankers Deposits	656,827,591	+ 87,782,987
Reserves & other Accounts	640,666,579	+ 1,965,107
	1,739,268,025	+ 94,689,064
ASSETS	£	£
Government Securities	1,070,945,471	+ 87,878,000
Reserves & other Accounts	48,217,731	+ 1,822,194
Premises, Equipment & other Secs.	256,558,099	+ 18,772,194
Notes	4,169,415	- 9,770,725
Coll.	204,129	- 5,135
	1,739,268,025	+ 94,689,064

	£	£
ISSUE DEPARTMENT		
Notes Issued	8,600,000,000	+ 50,000,000
in Banking Department	4,109,415	- 9,770,725
ASSETS	£	£
Government Debt	11,015,100	—
Other Government Securities	7,992,511,538	+ 56,294,488
Other Securities	1,589,475,362	- 16,294,468
	9,600,000,000	+ 60,000,000

DSL

"Encouraging start to the current year"

Reports Arthur Britton, Chairman

Results for the year to 31 March 1979

- Pre-tax profits increased by 15% despite worst weather in living memory.
- Substantial contribution from North Sea Oil operations.
- Doubled profit from scaffolding activities.

Comparative figures

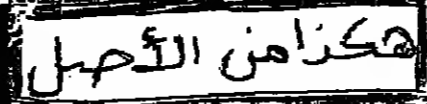
	1979	1978	1977
Sales	£200	£200	£200
Profit before taxation	13,597	9,062	6,723
Profit after taxation	1,205	1,036	748
Earnings per share	9.1p	8.1p	6.2p
Dividend per share net	3.5p	1.87p	1.7p

The Company's shares are traded on The Over-the-Counter Market. Details of this market together with copies of the full Report and Accounts are available from the Secretary, Deborah Services Limited, 10 South Parade, Wakefield, Yorkshire. Telephone: 024-73222.

DEBORAH SERVICES LIMITED

The group provides a specialist scaffolding and insulation service primarily used in process plant maintenance programmes.

UK COMPANY NEWS



MINING NEWS

Stewart Wrightson hit midway by strong pound

REFLECTING the more difficult environment for its insurance subsidiaries, the profit of Stewart Wrightson Holdings slipped from £4.77m to £3.21m in the first half of 1979.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends.

£1.91m (£3.35m). The net interim dividend is raised from 3.5655p to 3.85p—last year's final was 7.4597p.

SAI up £0.7m at six months

TAXABLE profits of Scottish Agricultural Industries, a subsidiary of Imperial Chemical Industries, improved from £1.1m to £1.8m for the first half of 1979 on turnover ahead 13.1m to £38.7m.

MIM base metal profits bounding ahead

BY JAMES FORTH IN SYDNEY

AUSTRALIA'S MIM Holdings, the Queensland copper-silver-lead-zinc group, turned in a bonanza for the year to June 30 with pre-tax earnings bounding to A\$102.4m (£31.1m) from A\$39.2m in 1977-78, the first time that the profit has passed the A\$100m mark.

strong metals market to be maintained in the immediate future. But he discounted any suggestions that the result provided any justification for talk of an excess profits or resources tax, which was proposed this week by the federal opposition in its "alternate budget" proposals.

£.1 per cent to 141,914 tonnes, but lead sales dipped 5.1 per cent to 145,258 tonnes. Copper ore treated dropped 5.5 per cent to 4.7m tonnes but copper output rose slightly because of higher ore grades.

£817,000 profit for Britannia

IN THE first six months of 1979, Britannia Arrow Holdings, the investment banking and unit trust management group formerly known as Slater Walker Securities, achieved a pre-tax profit of £817,000 compared with a £38,000 loss for the same period last year.

expand geographically by opening a branch in the Isle of Man and a representative office in the Bahamas.

ins, with two small exceptions, are now making, the arrears of the dividends was cleared last year and interest receivable increased by some £700,000 at the interim stage as the pace of liquidations and disposals accelerated.

Stewart Nairn hopes for relisting in October

Stewart Nairn Group, the hosiery and knitwear concern, has a secured bank loan of £100,000 for a re-listing.

First half downturn at William Nash

A downturn in pre-tax profits from £369,000 to £207,000 is reported by William Nash, unquoted manufacturer of specialist paper for the half year to July 2, 1979.

REFUGE ASSURANCE COMPANY LIMITED HALF-YEAR STATEMENT 1979. Table showing financial data for Ordinary, Industrial, and General Branches for 1979 and 1978.

House Property at £79,348

Pre-tax income of Eonsee Property Company of London expanded from £20,541 to £79,348 in the first half of 1979.

Tax boost for holders at Construction Hldgs.

SHAREHOLDERS in Construction Holdings will obtain substantial tax advantages from the proposed share disposal.

Erskine House increases dividend

In a period which was strongly influenced by a major disposal and acquisition, Erskine House Investments has produced profits before tax of £135,796 for the year ended March 31, 1979 compared with £250,849 for the previous year.

Australian Government moves on Jabiluka uranium

IN London yesterday, Pancontinental shares rose 63p to 813p.

Earnings climb at NBH

NORTH BROKEN HILL, which mines silver-lead-zinc at Broken Hill, New South Wales, has boosted profits 59 per cent from A\$15.6m to A\$24.87 (£12.4m) because of higher world metal prices.

tion group, has agreed in option its porphyry copper deposits at Sulawesi, Indonesia, to Utah Exploration of San Francisco.

Blue Circle Industries Limited Interim Results to 30 June 1979

Table with 4 columns: Item, Half Year to 30 June 1979 (£m), Half Year to 30 June 1978 (£m), Year to 31 December 1978 (£m). Rows include Turnover, Trading Profits, Share of Profits, Finance Charges, Profit before Taxation, etc.

Severe weather hit the construction industry this winter and the UK cement market suffered a 31% downturn. Despite this, Blue Circle maintained home trade deliveries at 4.3 million tonnes.

SYMONDS ENGINEERING CO. Sales reach new record. The thirty-second Annual General Meeting of Symonds Engineering Co. Limited was held on August 30 in London.

Electrolux UK reaches £6.6m in first half

Electrolux Group in the UK produced record turnover of £78.4m (£51.1m) for the first half of 1979 with taxable profits at £6.6m (£6.2m).

CENTROVINCIAL Centrovincial Estates intends to convert compulsorily the remaining capital shares into ordinary shares.

Blue Circle Industries Limited Portland House, Stag Place, London SW1E 5BJ. Logo of Blue Circle Industries.

PSIT Property Security Investment Trust Limited

Rental Income up Dividend Increase

Extracts from the statement by the Chairman, Mr. A. R. Perry.

- Total rents up from £3.18 million to £3.74 million.
- Total dividends 30% greater than last year.
- Pre tax surplus of £360,000 against deficit of £77,000 last year.
- Value of properties substantially in excess of previous estimates.
- New lettings at Newcastle, Goole and Kirkby.
- First phase in Holland fully let.
- Development in progress at Manchester, Aldershot, Uxbridge and Fleet.
- Further development planned at Tyne Tunnel and other sites.
- Practically all major companies of current developments.

Results for the year ended 31st March 1979

	£'000s	1979	1978	1977
Rents receivable	3,735	3,177	2,948	
Net property income	3,282	2,771	2,569	
Surplus before tax and extraordinary items	360	(77)	(594)	
Ordinary dividend per share	1.6p	*1.3933p	*1.2503p	
Share capital and reserves	34,972	16,267	13,815	

Copies of the complete Report and Accounts may be obtained from the Secretaries, W. H. Stentford & Co., 1 Love Lane, London EC2V 7JL.

London W.1. Luxury Furnished Apartments

Greengarden House, St. Christopher's Place in quiet, picturesque, pedestrianised area near Oxford Street. Fully-equipped apartments with maid service.

For details of availability and charge contact: **Greengarden Investments Limited**
Greengarden House, St. Christopher's Place, London W1M 6HD
Tel: 01-496 3771

Mixconcrete falls to £0.24m but predicts better second-half

AS PREDICTED the taxable profits of Mixconcrete (Holdings) are lower at midway after the group was hit by the severe weather and the lorry drivers' strike. On turnover ahead from £13.6m to £15.3m the pre-tax surplus fell from £626,000 to £242,000 in the half-year to May 31, 1979.

But the company says that in the second half demand has been more buoyant and given reasonable weather during the final quarter the results for the year should compare favourably with those of 1978. In that year the taxable surplus jumped from £1.2m to a record £2.07m.

The interim dividend per 35p share is 1.55p net, against 1.428p. Last year's total payout was 3.867p.

Tax for the half-year takes £128,000, compared with £326,000.

The new unit has an authorised capital of £10m. Initial paid-up capital is £6m and additional capital will be paid-up as required.

The company said the move was intended to improve its British market share of farm tractors and construction equipment by providing financing services.

Costs warning from Phillips Patents

Sales in Manchester had not increased as hoped but there had been a spectacular rise in costs, which would amount to £350,000 over the full year, says Mr. J. A. Rowland-Jones, chairman of Phillips Patents (Holdings).

New price lists had been sent out last month and these would help reduce losses. Although the non-payment of a dividend was regretted, the Board felt this should be paid out of profits and not from windfalls, such as property sales.

Resolutions cancelling the preference share capital in exchange for 75p in cash for each

Wood Hall accepts \$4m settlement.

Wood Hall, a 73.2 per cent subsidiary of Wood Hall Trust, has accepted \$4m from the pipeline authority in settlement of all litigation on the Moomba/Sydney gas pipeline contract.

Since the pipeline was completed in 1976, the company has taken all possible steps to obtain a just settlement of its claims, without success, said Wood Hall yesterday.

Although advised by senior counsel that the ultimate judgment of the courts should award a much larger amount, the directors concluded that it was in the best interests of the company and its shareholders to accept the cash settlement offered rather than face prolonged litigation.

After deducting the settlement amount, a loss of about \$9.25m will result from the contract which will be reflected in the accounts to June 30, 1979 as arising from discontinued operations.

Apart from this, the company is operating profitably and the directors intend to recommend a final dividend at the same rate as last year.

URANIUM FIND IN NIGER

A FRENCH-Japanese-Niger consortium has found deposits of uranium ore in borings taking place in West Afaso, Niger, near the southern end of the Sahara Desert, according to the Japanese Minister, writes Richard C. Hanson from Tokyo.

The findings are still preliminary, but some samplings have shown fairly high levels of purity. The ore has been found at depths of 700 feet.

The consortium consists of the Japanese Overseas Uranium Resources Development Company, the French nuclear fuel corporation, Cogema, and the Niger Government. Exploration has been going on since 1977.

The Japanese consortium is made up of 30 Japanese companies.

Reliance accepts restrictions

Reliance Group has accepted restrictions on its use of the shares in Rothschild Investment Trust which it will receive through its partial offer.

When the offer was announced earlier this month, Reliance said it had agreed not to increase its holding beyond 20.1 per cent. In addition, Reliance has also given the Hon. Jacob Rothschild a partial veto over how it may use its shares.

Reliance is to put its shares into a trust of which the Hon. Jacob Rothschild and Mr. Saul Steinberg, chairman of Reliance, will be trustees. The voting rights of the shares will generally require the unanimous agreement of the trustees and the trust will not be able to accept a take-over bid without unanimous approval.

Reliance has made a separate agreement with Rothschild Investment Trust that if Reliance wants to sell its stake, RIT will have three months to find a buyer of its own choice. The arrangements are revealed in an appendix to the formal offer document sent to RIT shareholders yesterday.

JARDINE/HOGG ROBINSON DEAL

Jardine, Matheson and Co. has agreed in principle to buy Industrial Freight from the Hogg Robinson Group.

Industrial Freight is a medium size air and surface forwarding agent with offices in the UK. It is the intention to merge its activities with those of Matheson Freight Services.

MID-EAST CHANGE FOR STENHOUSE

A R. Stenhouse Reed Shaw and Partners has taken a 48 per cent interest in a new company based in Lebanon called Reed Stenhouse Middle East. The other shareholders are Mr. Nozad Chemsil and Mr. Nazem el Khoury, who has also been appointed its general manager.

The new concern will have operational responsibility for Stenhouse's Middle East business and will bring together the in-

TESCO/CARTIERS GOES UNCONDITIONAL

TESCO's offer for Cartiers has been declared unconditional in all respects, and has been extended until further notice. This follows clearance from the Monopolies and Mergers Commission.

HANSON HAS 24.1% OF LINDUSTRIES

Hanson Trust has acquired a further 461,430 ordinary shares in Lindustries at 135p, bringing its holding to 24.1 per cent. Purchases include 408,000 bought yesterday following the Board's advice not to accept the offer.

The Board's current expectation was for first half profits to be in excess of the same period of the previous year.

As already reported, taxable profits dropped from £799,000 to £824,000 for the year ended March 31, 1979 (on turnover of £14.88m (£12.87m)).

Mr. Hearley added that to date, overall sales were about 15 per cent ahead of the corresponding period last year, and the improving trend in the level of profits mentioned in his statement with the 1978-79 accounts had continued.

The group manufactures automotive trim, building products, decorative trim and synthetic foam.

NO PROBE

The proposed acquisition by Coats Patons of Guterman and Co. KG is not to be referred to the Monopolies Commission.

SHARE STAKES

Millard Deeks Company: Scania has acquired 10,500 shares making holding 66,500 shares (8.52 per cent).

London Scottish Finance Corporation: Gossford Financial Management acquired 10,000 shares on August 21 and 10,000 on August 23 making holding 1,635,530 shares (24.55 per cent).

W. E. Norton aiming for sharp growth

With its order book currently at a record level W. E. Norton (Holdings) is aiming for a considerable increase in business in the current year, says Mr. W. E. Norton, the chairman.

The recent strength of sterling has given the group greater purchasing power to import machine tools, which represent over 65 per cent of its total sales of machine tools.

"Equally the export of machine tools is unhindered as such sales are mostly made because of prompt delivery and suitability for specific workloads and the parity of sterling has little effect on such transactions," the chairman explains.

Acquisitions by Norton in recent years have been carefully planned to give the company a better market share and its most recent purchases of Sidney H. Jackson and Smith (Tools) and Sidney H. Jackson (1980) will further strengthen the geographical coverage, he says.

For the year to March 31, 1979, the group lifted taxable profit to a record £749,000 (£547,000) on sales £5.5m up at £5.53m. As reported with results on August 3, the net dividend is effectively raised to 0.8154p (0.2901p).

The company has decided to repay its 20.6m three-year medium term loan at an accelerated rate. The amount of standing has now been reduced to £0.7m with final payment in February 1980 - 18 months early. Barclays Bank no longer holds a debenture as security for the company's banking facilities.

At year-end bank overdrafts totalled £1.01m (£0.91m) and net assets were up from £1.77m to £2.97m. Authorised capital spending amounted to £80,000 (£14,000) of which £25,000 (£108,000) had not been contracted.

It also opened seven new showrooms and offices including one in Houston, Texas, and formed a leasing company, called Commercial Leasing, in partnership with Mercantile Credit Co.

Meeting: Royal Automobile Club, SW, on September 20 at noon.

Extracts from the Governor's Statement

The following are extracts from the Statement delivered by the Governor to the Annual General Court of Proprietors on Wednesday, 29th August, 1979.

Results

The profit attributable to the Capital Stockholders of the Bank, after allowing for taxation and minority interests, amounted to IR£29,038,000, an increase of 13.8% over the 1978 performance.

The growth in profits has enabled your Directors to recommend that IR£21,498,000 be retained by the Bank out of profits and added to Reserves to support the continuing growth of the business and also to pay a Second Interim Dividend of 11p per IR£1 of Capital Stock. This, with the Interim Dividend already paid, makes a total of 17.5p for the year to 31st March, 1979, compared with 15p in respect of the previous year.

A professional valuation of the Group's properties at 1st January, 1979 showed an increase of IR£10.3 million over book value at that date and this valuation has been embodied in the accounts. When allowance is made for this, there was an improvement of IR£3.9 million in the value of Stockholders' interest after taking account of the decline in the value of money during the year. The total assets of the Group reached IR£2,753,587,000 on 31st March, 1979, as compared with IR£2,117,861,000 in the previous year while advances to customers were IR£1,630,999,000 compared with IR£1,101,911,000.

The Bank and Subsidiaries

During the year, the Bank restructured its organisation in the largest of its operating divisions, Area East, with Dublin City becoming a separate Area under its own General Manager. I am glad to say that the new structure is settling down satisfactorily and our experience so far confirms that it was well-founded.

A noteworthy addition to our Branch network during the year has been our branch at Head Office, Lower Baggot Street, Dublin. In Northern Ireland, the Bank has acquired premises for a new branch at Glengormley. Rationalisation of branches was effected at Newbridge, New Ross, Thurles and Fairview, Dublin. Our City Office in London and our branch network in the United Kingdom also enjoyed a very successful year and now form a well-established and successful part of the Group.

Our new branch in New York is trading ahead of expectations at the end of its first full year. The response of the Irish community in New York to the presence of Bank of Ireland there is most encouraging. The Investment Bank of Ireland Limited faced a number of trading difficulties in the early part of the year, and made an exceptional payment of which Stockholders are already aware. However,

in the second half of the year, corporate finance activity increased and I.B.I. was able to expand its business substantially. The net result was a slight reduction in earnings as compared with the previous year.

Bank of Ireland Finance Limited enjoyed a particularly buoyant year both in terms of lending volumes and of profits. Earnings for the year increased substantially over the previous year, both in Ireland and in its wholly-owned subsidiaries, Bank of Ireland Finance (N.I.) Limited and Bank of Ireland Finance (U.K.) Limited. In May, 1978 Bank of Ireland acquired the entire issued ordinary share capital of British Credit Trust Limited from Northern Foods Limited of Hull, England. The acquisition has given us a strong base in the consumer finance market in the U.K., and a national network of branch offices through which financial services to commerce and industry can be marketed.

Chase and Bank of Ireland (International) Limited also made considerable progress, in particular in the second half of the year.

The Bank's Activities

During the year, advances to agriculture reached a record level. The Bank maintained its schemes to assist farmers in developing their farms, to encourage younger persons to take up agriculture as a career and to promote the expansion of agribusiness. Special schemes were introduced to promote greater efficiency in beef production and to encourage drainage in association with co-operative business. The Bank's professional advisory staff has been increased substantially to support these initiatives.

The Bank's corporate lending department has been very active in meeting the financial requirements, not only of many Irish firms but also of the majority of the foreign firms which have been set up in Ireland. Our overseas offices have been engaged in encouraging foreign industrial investments in Ireland, both North and

Staff

The substantial progress achieved during the year would not have been possible without the skills and commitment of the staff of the Group. The good relations established with many new customers, the development of services to meet the needs of particular sectors and activities, and the handling of the problems of customers arising from the new conditions created by EMS entry, all reflected credit on staff at every level.

The Economic Environment

The major financial event of the year was the establishment of the European Monetary System on 13th March, 1979. This regime is radically different from the previous arrangement by which the external value of the Irish pound moved in line with that of sterling. Irish exchange controls were introduced in December, 1978 as a necessary part of the adjustment towards the new exchange-rate regime. Following the decision of the U.K. Government not to enter EMS, there was

Bank of Ireland

the possibility of a break in the historic parity of the Irish pound with sterling, and thus the emergence of an exchange risk for transactions between the Republic of Ireland and the U.K. The break occurred at the end of March, 1979. The developments resulted in substantial flows of funds, as customers switched their deposits and their borrowing both as between the U.K. and Ireland, and as between the Associated and the non-Associated Banks. The net effect of these flows through the banking system was significantly adverse to the market for Irish gilt-edged securities, and in the Dublin Inter-Bank Market the supply of money became inadequate to satisfy the additional demand created. Domestic interest rates were forced up as a new demand for credit in Irish pounds came from those customers who sought to protect themselves against the exchange risk of sterling borrowing. This burden fell mainly on the Associated Banks and was one of the principal causes of the significant increase in lending. These changes have created difficulties not only for the public but also for the Banks. In addition, entry into EMS has created the need to establish an effective Foreign Exchange Market to service customers, help to promote trade and facilitate the Central Bank in its management of the currency.

Current Year

As 1979 advanced, there was a general improvement in the economic outlook. As a result of the rise in oil prices, and of the domestic effects of industrial disputes and pay increases not adequately matched by productivity, the earlier forecasts of growth in national output and employment have regrettably to be discarded. I doubt that there is yet any clear general understanding that by joining the EMS we have chosen to assume, day by day, full responsibility for our own financial and economic well-being. It is a responsibility which properly understood should be a matter of community concern and which, effectively discharged, would be a source of national pride. The responsibility faces us now. The country's problems are serious and complex. Within EMS, they must be tackled directly and any failure to do so will inflict serious damage on Irish society and the prospects for expanding output and employment.

The maintenance of the central parities of the Irish pound with other EMS currencies must be given precedence in the mix of economic policies. The benefits of a stable exchange rate, and the constraints which its maintenance imposes on the actions of Government, employers and workers, are well understood by those responsible for managing individual businesses and the economy as a whole. They must face the realities every day in the course of their work, as they meet and trade with their opposite numbers in other countries. It is important that these same realities should be fully understood and accepted at all levels and in all sectors. The disadvantage imposed on us by the rise in oil prices can be offset only by the export of more Irish goods to pay for the imports we need. To achieve this in a weak market, our goods must be competitive in price and quality, as they must be also for success on the home market. Ireland's responsibility for maintaining the competitiveness of its products has been increased rather than diminished by the problems originating in higher oil prices and in the slowing down in the growth of world trade. The task is not made easier for any of those involved by the fact that the pay increases set out in the revised National Understanding are relatively high in comparison with those occurring in other EMS countries. In this combination of circumstances, the maintenance of parity within EMS makes firm control over the growth of domestic credit and money supply unavoidable. The Central Bank's ceilings on bank lending are therefore necessary and understandable. These ceilings, together with the moderation of pay expectations and strict

control of the size of the overall budget deficit, constitute the 'matching discipline' which, last December, the Taoiseach emphasized was required to attain the very real benefits of EMS membership.

Since the beginning of the year, the Bank has responded to the emerging financial situation by moderating the availability of credit and has done so as gradually as possible so that activities of value to the economy would not be unduly inhibited. The Bank's aim is to provide its customers with the services they need in adapting to the new environment created by EMS membership. This Bank will do its best to meet their needs for credit for necessary productive purposes. This will be difficult in the period ahead and will necessitate the subordination of lending which facilitates changes in the ownership of existing assets and consumer spending to the provision of credit which results in the creation of new jobs and of new output that can be sold competitively.

Whatever may be the difficulties of the present year, entry into EMS strengthens the opportunity provided for Ireland by EEC membership of creating the wealth necessary to support balanced economic and social progress. Such wealth can be created only by attracting high investment, domestic and foreign, in wealth-creating activities in the market sector of the economy. Such investment can be attracted only by lower rates of inflation, competitive cost structures, sensible industrial relations and a stable currency. As you will know from what my predecessors and I have said in the past, these matters have long been the concern of the Bank. I believe that the opportunity to be of service in respect of them is now greater than ever.

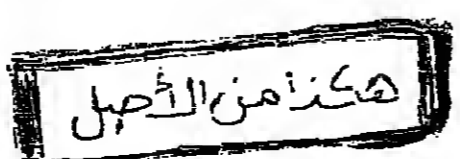
William Finlay, Governor.

Consolidated Profit and Loss Account for the year ended 31st March, 1979

	IRE000	1978 IRE000
Operating Profit	37,167	35,754
The Bank	2,743	7,098
Subsidiaries		
Profit before Taxation	46,910	42,852
Taxation	17,478	17,026
Profit after Taxation	29,432	25,826
Minority Interests in Subsidiaries	394	306
Profit attributable to Capital Stockholders of the Bank	29,038	25,520
Dividends	7,540	5,366
Retained Profit transferred to Revenue Reserves	21,498	20,154
Earnings per IR£1 of Capital Stock		
Basic	69.9p	74.2p
Fully Diluted	69.1p	67.8p

Consolidated Balance Sheet at 31st March, 1979

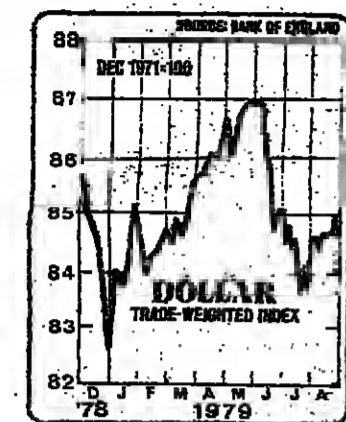
	IRE000	1978 IRE000		IRE000	1978 IRE000
Capital and Reserves			Current Assets		
Capital Stock	43,087	38,335	Liquid Assets	590,442	643,198
Capital Reserves	25,896	7,013	Investments	404,859	397,053
Revenue Reserves	114,245	94,357			
			Advances to Customers, other accounts and balances outstanding under hire purchase and other instalment agreements, less provisions	1,630,999	1,101,911
Loan Stocks	9,525	16,533		2,826,300	2,042,162
Minority Interests in Subsidiaries	3,661	2,892			
Deferred Taxation	34,587	76,896	Equipment in hands of Lessees	70,665	35,469
			Investments in Associated Companies	4,706	12,832
Current Liabilities			Bank Premises, other Properties and Equipment	51,916	38,396
Notes in Circulation	7,240	6,993			
Deposit, Current and Other Accounts	2,901,849	1,912,697			
Current Taxation	7,958	20,516			
Proposed Final Dividend payable 6th July, 1979	4,739	3,633			
	2,921,786	1,943,833			
	2,763,587	2,117,861			



CURRENCIES, MONEY and GOLD

Dollar and pound weak

The dollar lost ground in fairly active trading in the foreign exchange market yesterday. Turnover was good, without any hokey pressure developing against the U.S. currency.



fall of 15 points on the day. Sterling's trade-weighted index, as calculated by the Bank of England, fell to 71.5 from 72.1, after standing at 71.7 at noon, and 72.0 in early trading.

The dollar's index on the Bank of England figures, fell to 84.7 from 85.0. The U.S. currency traded between DM 1.8195 to DM 1.8310 against the D-mark, and closed at DM 1.8230, compared with DM 1.8305 previously.

EMS EUROPEAN CURRENCY UNIT RATES

Table with columns: Currency, ECU amount, % change against ECU, % change central rate, % change adjusted for divergence, Divergence limit. Rows include Belgian Franc, Danish Kroner, German D-Mark, French Franc, Dutch Guilder, Irish Punt, Italian Lira.

EXCHANGE CROSS RATES

Table with columns: August 30, Pound Sterling, U.S. Dollar, Deutschem, Japan's Yen, French Franc, Swiss Franc, Dutch Guilder, Italian Lira, Canada Dollar, Belgian Franc.

EURO-CURRENCY INTEREST RATES

Table with columns: Aug. 30, Sterling, U.S. Dollar, Canadian Dollar, Dutch Guilder, Swiss Franc, West German Mark, French Franc, Italian Lira, Asian \$, Japanese Yen.

INTERNATIONAL MONEY MARKET

Increased liquidity and technical factors pushed down call money rates sharply in Frankfurt yesterday. Day-to-day funds fell to 3.50-4.00 per cent from 5.00-6.00 per cent as the Bundesbank paid out an estimated DM 11m to credit institutions.

UK MONEY MARKET

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979). Day-to-day credit was in slightly better supply in the London money market yesterday, and the authorities gave only a small amount of assistance by buying a small number of Treasury bills from the discount houses, and

LONDON MONEY RATES

Table with columns: Aug. 30 1979, Sterling Certificate of deposit, Interbank, Local Authority deposits, Local Authority negotiable bonds, Finance House Deposits, Company Deposits, Discount Rate, Treasury Bills, Eligible Bills, Fine Trade Bills.

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates normally five years 12-12 1/2 per cent; four years 12-13 per cent; five years 13 1/2 per cent; one-month Treasury bills 14 per cent; two-month 13 1/2 per cent; three-month 13 1/2 per cent; six-month 13 1/2 per cent; one-year 14 per cent; two-year 14 per cent.

THE POUND SPOT AND FORWARD

Table with columns: Aug. 30, Day's spread, Close, One month, % Three months, % Six months. Rows include U.S., Canada, Ireland, Netherlands, Belgium, Denmark, France, Germany, Italy, Japan, Korea, Spain, Switzerland, Taiwan, Hong Kong, Singapore, New Zealand, Australia, South Africa, Middle East, India, Ceylon, Sri Lanka, Pakistan, Bangladesh, Thailand, Malaysia, Philippines, Indonesia, Brunei, East Germany, West Germany, Austria, Czech Republic, Poland, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, Romania, USSR, Cuba, Mexico, Central America, Caribbean, South America, Africa, Middle East, Asia, Oceania.

THE DOLLAR SPOT AND FORWARD

Table with columns: Aug. 30, Day's spread, Close, One month, % Three months, % Six months. Rows include U.S., Canada, Ireland, Netherlands, Belgium, Denmark, France, Germany, Italy, Japan, Korea, Spain, Switzerland, Taiwan, Hong Kong, Singapore, New Zealand, Australia, South Africa, Middle East, India, Ceylon, Sri Lanka, Pakistan, Bangladesh, Thailand, Malaysia, Philippines, Indonesia, Brunei, East Germany, West Germany, Austria, Czech Republic, Poland, Czechoslovakia, Hungary, Yugoslavia, Bulgaria, Romania, USSR, Cuba, Mexico, Central America, Caribbean, South America, Africa, Middle East, Asia, Oceania.

CURRENCY RATES

Table with columns: August 29, Bank rate, Special Drawing Rights, European Currency Unit. Rows include Sterling, U.S. Dollar, Canadian Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Swiss Franc, Dutch Guilder, Italian Lira, French Franc, German D-Mark, Spanish Peseta, Portuguese Escudo, Greek Drachma, Cypriot Pound, Cypriot Dollar, Cypriot Mark, Cypriot Lira, Cypriot Pound, Cypriot Dollar, Cypriot Mark, Cypriot Lira.

CURRENCY MOVEMENTS

Table with columns: Aug. 30, Bank of England, Morgan Guaranty, Index changes. Rows include Sterling, U.S. Dollar, Canadian Dollar, Australian Dollar, New Zealand Dollar, Japanese Yen, Swiss Franc, Dutch Guilder, Italian Lira, French Franc, German D-Mark, Spanish Peseta, Portuguese Escudo, Greek Drachma, Cypriot Pound, Cypriot Dollar, Cypriot Mark, Cypriot Lira.

OTHER MARKETS

Table with columns: August 30, \$, S, Note Rates. Rows include Argentina, Australia, Brazil, Canada, Denmark, France, Germany, Greece, Hong Kong, India, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, South Korea, Taiwan, Thailand, United Kingdom, USA, West Germany, Yugoslavia, Zaire.

مكنا من التحليل

Profits and earnings growth

1979-80 FIRST QUARTER RESULTS

- Operating profits up 20.5%
Worldwide sales up 11.9%
Earnings per share up 4.5%
Record £826 million orders

An extract from The Plessey Company's unaudited results for the first quarter

Table with columns: Figures in £000s, 3 months to June 30, 1979, 1978. Rows include Sales, Operating profit, Profit before taxation, Taxation, Profit after taxation, Earnings per share (pence).



When doing business in Saudi Arabia, the first thing you need is a second bank

The Saudi market is no more difficult than any other. But it is different. Which is why the first thing you will need is a second bank, which is international and has special expertise in Saudi Arabia.

Saudi International Bank logo and contact information: AL-BANK AL-SAUDI AL-ALAMI LIMITED, 99 Bishopsgate, London EC2M 3TB, Telephone (01) 638 2323.

GOLD Further record

Gold touched an all-time high of \$319.320 in very active trading in the London bullion market yesterday. It finished at a record closing level of \$319.319, a rise of \$2 on the day.

Table with columns: Aug. 30, Aug. 28. Rows include Gold Bullion (fine ounce), Gold Coins, Domestic, International, Kruggerand, New Sovereigns, Old Sovereigns.

MONEY RATES

Table with columns: NEW YORK, GERMANY, FRANCE, JAPAN. Rows include Prime Rate, Fed Funds, Treasury Bills, Discount Rate, Overnight Rate, One month, Three months, Six months.

BANK REPORT ON GABON FINANCES

Outlook good as imports fall

BY FRANCIS GHILÉS

A REPORT recently completed on Gabon suggests that the stabilisation programme...

Foreign bank debt amounted to 48.4 per cent of the total debt of Gabon at the end of last year...

back in state spending. The outback in imports was made easier by the fact that imports with less elastic demand...

The report suggests further that the country's total debt could decline by a further \$253m to below \$2bn...

Bluebird in suit over share purchases

By David Lascelles in New York

THE TAKEOVER bid by Northern Foods of the UK for Bluebird, the Philadelphia food concern, has prompted a court action against Bluebird by one of its shareholders...

Mr. Myron Harris, owner of 8,000 shares, alleges that Bluebird shareholders were induced to sell shares to the company in July at \$10 each...

Slow expansion in sales for major U.S. retailers

BY JOHN WYLES IN NEW YORK

SALES GAINS by major U.S. retailers have again been erratic during much of August, reflecting the general softening in consumer spending...

Elsewhere, the sales picture was flatter with the industry's number one, Sears Roebuck, reporting a 0.5 per cent decline for the four weeks ending August 25...

Income improves for utilities

BY OUR FINANCIAL STAFF

SEVERAL MAJOR utilities have announced improved results for the past 12 months. The Chicago-based Commonwealth Edison turned in a 2.6 per cent increase in net income to \$242.38m or \$2.96 a share...

which has its headquarters in Milwaukee, lifted net income for the period by 8.2 per cent to \$68.02m or \$3.88 a share...

EUROBONDS Dollar sector remains weak

By Our Euromarkets Staff

A TECHNICAL rally in the straight dollar bond market nudged prices up by as much as half a point yesterday morning...

Active remained strictly professional in the dollar strategy sector, with investors nowhere to be found...

Nucor sees 24% profit increase

BY OUR FINANCIAL STAFF

THE North Carolina-based Nucor Corporation expects 1979 profit to rise by nearly 24 per cent to some \$32m or \$4.82 a share...

perceiving a boom in its steel business. The company also plans to spend some \$20m for what it calls a significant expansion in its production of metal products...

about 1.5m tons by 1982 from last year's level of 739,000 tons. Last year Nucor had recorded net income of \$25.8m or \$3.91 a share...

Westvaco lifts quarterly dividend

By Our Financial Staff

THE QUARTERLY dividend from Westvaco, the printing and paper group, has been raised from 33 cents to 37 cents a share in the wake of a further rise in earnings in the third quarter...

Order level pleases machine tool group

BY OUR FINANCIAL STAFF

CHICAGO — Giddings and Lewis, the machine tools group, sees no signs of a slowdown in incoming orders...

August have exceeded the company's estimates, boosting its current backlog above the \$174m level on June 30...

RESULTS IN BRIEF

Sharp third quarter rise at J. P. Stevens

NEW YORK—Net income of the textiles concern J. P. Stevens for the third quarter rose by 36.7 per cent to \$12.3m, or 95 cents a share...

Field's net income improved from \$1.7m, or 19 cents a share, for the third quarter to \$3.9m, with sales rising 33.7 per cent to \$93.2m...

recorded a 29.5 per cent increase in net income for the third quarter to \$3.9m, with sales rising 33.7 per cent to \$93.2m...

Indiana Standard lifts capital spending

BY OUR FINANCIAL STAFF

THE CAPITAL and exploration budget for 1979 of Standard Oil of Indiana has been raised to \$33m with the directors authorising an additional \$116.5m for domestic exploration and production...

Jo the Gulf of Mexico. The additional \$33m will be spent for the further development of the company's domestic production...

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Table with columns for U.S. DOLLAR STRAIGHTS, OTHER STRAIGHTS, DEUTSCHE MARK STRAIGHTS, SWISS FRANC STRAIGHTS, and YEN STRAIGHTS. Includes columns for Issued, Bid, Offer, Change, and Yield.



Interim statement

SKF Group sales for the first six months of 1979 rose to 5,496 million Swedish kronor (Skr), an increase of 16% over the corresponding 1978 figure...

Operating income after scheduled depreciation of Skr 257 million (226) amounted to Skr 431 million (244). Profit before exchange differences, extraordinary items, provisions and taxes was Skr 257 million (83).

Profit improvements in each of the main product fields contributed to Group income, with rolling bearings showing a 3.8% profit on turnover (2.9% in the same 1978 period), steel 2.7% (from a 2.6% loss), cutting tools 11.2% (6.0%), and other products 4.5% (from a 4.3% loss).

A marked profit improvement on the relative 1978 period is also expected for the six months ending 31 December, 1979, despite the effect of energy cost increases on production costs.

Comparison tables including the financial year 1978. Tables showing Mkr=million Skr for Jan 1st to June 30th 1979, Jan 1st to Dec 31st 1978, and various financial metrics like Net sales, Operating revenue, etc.

Shortages hit NCR revenue

DAYTON — NCR Corporation is short of semiconductor chips and this will reduce revenue in the second half of this year from previously anticipated levels, reports the company.

The shortage was due to lower than anticipated internal yields, and inability to get all the components required from external sources, and has affected selected terminal products...

China Airlines to raise \$128m

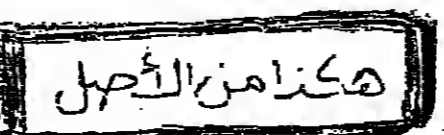
By Our Euromarkets Staff

CHASE MANHATTAN (Asia) has won the mandate for a \$128m medium-term loan for China Airlines of Taiwan. The borrower is paying a split spread of 4 per cent for the first six years rising to 3 per cent for the remaining six...

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INTERNATIONAL COMPANIES and FINANCE

Tin and hotels boost Pemas results

PERBADANAN Nasional Bhd (Pemas), the holding company of Bumiputra (Malay) interests in Malaysian companies, made an attributable profit of RM.04m (US\$17.6m) for the year ending January 31, 1979.

Pemas' principal assets are 71 per cent stake in Malaysian Mining Corporation, which has shareholdings in 24 management companies of quoted tin companies accounting for about 25 per cent of Malaysian tin output, and an interest, believed to be about 20 per cent, in Sime Darby.

figure up to 33.4m ringgit, while the share of associated company profits accounts for a huge 84.8m ringgit out of total pre-tax profits of 96.27m ringgit.

Lufthansa forecasts satisfactory result after good first half

BY JONATHAN CARR IN BONN

PROFITS OF Lufthansa, the West German airline, were higher than expected in the first half, despite increased fuel costs and the temporary grounding worldwide of the DC-10 long-range airliners.

AB ELECTROLUX

The Managing Director's half-yearly report for 1979

THE GROUP

A summary of the Electrolux Group's trading result for the first half of 1979 is as follows (MKR):

Table with 2 columns: 1979, 1978. Rows include Turnover, Operating Result Before Depreciation, Depreciation, Operating Result After Depreciation, Net Financial Income and Expenses, Result of Current Operations Before Taxes, Extraordinary Income and Expenses, Result Before Appropriations and Taxes.

Group sales have increased by 19.0 per cent compared with the corresponding period of 1978. Of this increase 5.1 per cent relates to newly acquired activities, including Jonsbergs and Partner in Sweden, Lincoln in France, and Jobu in Norway.

The operating result has improved for all the main products of the Group with the exception of caravan refrigerators which have been affected by the energy situation in the U.S.A.

The result of current operations before taxes for the first half of 1979 was better than forecast and is expected to increase by 20 per cent for the whole of 1979.

The value of sales to customers outside Sweden amounted to 76.3 per cent of the total turnover 175.7 per cent.

Exports by all the Group's Swedish companies amounted to 1.426 MKR (1,096 MKR).

Fixed capital expenditure during the first half of 1979 amounted to 308 MKR (216 MKR).

The Group's liquid assets were almost at the same level as at December 31, 1978.

The Parent Company

A summary of AB Electrolux's trading result for the first six months of 1979 is as follows (MKR):

Table with 2 columns: 1979, 1978. Rows include Turnover, Result of Current Operations Before Taxes, Result Before Appropriations and Taxes.

The increase in sales by AB Electrolux is partly due to the inclusion of the domestic appliances made at Husvarna's Torvik factory which is now incorporated with the Motila factory in Sweden.

Fixed capital expenditure amounted to 22 MKR (20 MKR). The parent company's liquid assets were unchanged as compared with December 31, 1978.

1978 comparative figures have been adjusted for changed basis of charge for depreciation.

Gösta Bystedt, STOCKHOLM, August 1979

Japan accepts Chemco offshoot

BY RICHARD C. HANSON IN TOKYO

CHEMCO International Leasing, an affiliate of Chemical Bank of New York, has received approval to establish the first fully foreign-owned leasing company in Japan, with operations expected to start by about the end of the year.

The new subsidiary, Chemco Leasing Japan, will be capitalised at ¥200m. The parent company is one of the largest bank-related leasing companies in the world, operating only outside the U.S.

The company received approval from the Ministry of Finance, which found no reason to disallow a wholly foreign-owned leasing company. Other foreign leasing companies have been active in Japan through Japanese companies.

Chemco, which specialises in ships, aircraft and other machinery and equipment, is trying to tap the extremely lucrative Japanese leasing market, which last year recorded new leases valued at ¥638bn (\$3.76bn). Japan is the second largest market after the U.S.

Mitsubishi Heavy Industries (MHI) announced yesterday that it will cut its mid-term dividend again this year because of poor prospects for profit in the second half starting from September 30.

MHI said that profit in the first half of the year showed some improvement, but the outlook for the latter half forced the company to reduce the cash dividend, as was the case at the halfway mark last year.

MHI does much better on a consolidated basis, mainly because of the success of Mitsubishi Motors, which is now the major contributor to company profits.

Meanwhile, MHI has said that it will temporarily release 200 of its employees to Toyo Kogyo, the maker of Mazda cars. The MHI employees are from the Hiroshima Dockyard, and will work for the Hiroshima-based Toyo Kogyo for about two years because of the slump in ship-

Japan accepts Chemco offshoot

BY RICHARD C. HANSON IN TOKYO

that it will cut its mid-term dividend again this year because of poor prospects for profit in the second half starting from September 30. Other shipbuilding companies, plagued by severe cutbacks, are expected to follow suit.

MHI said that profit in the first half of the year showed some improvement, but the outlook for the latter half forced the company to reduce the cash dividend, as was the case at the halfway mark last year. Because of a relatively good performance by MHI on a consolidated basis for the whole of last year, the company paid ¥4 per share cash dividend, down from the ¥6 payment which had been maintained since 1970.

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building activity. Exchanging employees is a fairly common tactic in Japan to avoid layoffs during bad times in a particular industry.

Daihatsu Motor Company said yesterday that its net profit rose by a healthy 48 per cent to ¥56.5bn in the year to June, on record sales of ¥298.7bn, up by 16 per cent.

The company, which specialises in making small cars and trucks under the aegis of Toyota Motor, had a 12 per cent increase in unit sales to 513,500 cars and trucks. Exports increased by only 6 per cent due to troubles in some markets such as Indonesia, but domestic sales, boosted by orders from Toyota, rose by 26 per cent.

The brisk domestic sales, and efforts to streamline operations during the year, brought operating profits to a new record of ¥10.5bn, up by 31.9 per cent from the prior year.

The company expects, however, that profits will decline this year, partly as a result of higher costs for materials. While sales will increase to some ¥310bn, net profit will slip to about ¥5.5bn, the company predicted.

Other divisions of the company including the finance and motor trading division also had a good year with strong growth. Mr. Trotter said an acceptable rate of return on assets had been achieved for the first time in many years. Group liquidity is strong but will be affected by tax payments next year, he added.

Mr. Ron Trotter, the chairman, said the result was particularly pleasing but when results over the last five years were considered, the average return was still inadequate.

"The good result this year was helped by higher wool and meat prices and a good agricultural season on the farm," he said. Challenge is heavily involved in the rural sector and the lift in farm prices and farm income had helped overall results.

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Voeest-Alpine to take stake in Zanussi

BY PAUL BETTS IN ROME

SHAREHOLDERS have given the go-ahead to a Lire 42.5bn (952m) capital increase for Industrie Zanussi, Europe's largest electrical and domestic appliances group, which will see the Austrian Voeest-Alpine group take a 10 per cent stake in the Italian company.

The Austrian group is to participate in the capital increase, and will hold a nominal 1.8bn of Zanussi stock. Zanussi's capital will increase from L.37.5bn to L.80bn, partly through the distribution of free shares and partly through a paid issue.

The company reported net profits of L.13.3bn last year on turnover of some L.60bn, more than 13 per cent up on the previous year. Exports accounted for 54 per cent of overall sales.

However, Zanussi has announced that it plans to lay off temporarily some 9,700 workers in view of the high level of stocks in its household appliances warehouses.

Sharp rise for Rothmans Malaysia

BY OUR KUALA LUMPUR CORRESPONDENT

ROTHMANS of Pall Mall Malaysia pre-tax profit for the year to June 30 received a significant boost from a boycott of cigarettes manufactured by its chief rival, Malaysian Tobacco Company, which was organised by Chinese in northern Malaysia.

Pre-tax profit rose by 71 per cent to 19.6 ringgit (U.S.\$9.1m) on a 22 per cent increase in sales to 27.6m ringgit. In view of the excellent results, Rothmans is paying a dividend of 20 per cent and is making a one-for-five bonus issue. This time last year, it made a one-for-four issue raising its paid up capital to 23.9m ringgit.

Rothmans commissioned a new line at its plant last year, which proved timely as it filled the vacuum in demand created by the boycott of MTC cigarettes early this year. The boycott was in protest against the alleged refusal by MTC to donate to the proposed Chinese "Merdeka University."

and an unchanged DM 8 dividend was paid.

In the first half of this year total sales were up by about 3 per cent to DM 1.67bn, compared with the same period of 1978, and orders were up by 26 per cent to DM 2.2bn. Fixed asset investment this year should total about DM 150m.

A buoyant home sales market—both for standard products and for bigger industrial plants—more than made up for a fall-back abroad.

Elsevier-NDU, one of the largest publishing companies in the Netherlands, reported an 8 per cent higher net profit at FI 25m in the 1979 first half compared with FI 24m a year earlier, reports AP-DJ from Amsterdam.

Net profit per share of FI 20 nominal value was FI 19.59, compared with FI 19.20 in 1978. Turnover rose by 7.5 per cent to FI 367m.

The company said that it expects net profit to increase by about 10 per cent this year, even though the increase in the first half was less than expected.

Robeco, the Dutch-based investment company, said that during the first six months of 1979 it has gained considerable benefit from its FI 500m (\$250m) investments in oil stocks, writes our Financial Staff. In particular, the FI 300m investment in Royal Dutch "did very well indeed."

Price declines, however, occurred in local shares in Germany, Japan and Holland. On balance, investment results proved favourable and amounted to 5 1/2 per cent. At the end of June, the value of Robeco shares was FI 164 against FI 163 at the beginning of the year, which covered the FI 8 dividend. In spite of this, during the reporting period, more Robeco shares were offered for repurchase than were sold, and shares worth FI 100m were bought back. At present, Robeco has 31 per

Credit Suisse looks for holiday island partners

BY JOHN WICKS IN ZURICH

THE ZURICH bank Credit Suisse may take outside investors into its Albarella subsidiary, to help develop the resort island of Albarella in the northern Italian province of Veneto. The island project was taken over by Credit Suisse as part of the Tesoro group, following the disclosure in 1977 of irregularities at the bank's Chiasso branch.

Dr. Klaus Jenny of Credit Suisse said that financial participation would not be excluded from any co-operation plans for the expansion of accommodation and the operation of existing installations. As possible partners he mentioned major tour operators and "specialists in individual sectors," but he said that Credit Suisse also intended to give institutional investors—particularly in Italy itself—the chance to put money into Albarella.

After initial cost expenses, Dr. Jenny said that there would be a gradual recovery to yield a positive return on investment.

Future development of the island, situated in the Adriatic some 30 miles from Venice, is being planned in co-operation with tourism specialists from

the Zurich-based civil engineering concern Elektro-Watt, which is itself a Credit Suisse affiliate.

As part of a development programme whose full realisation is foreseen in 10 to 12 years, the 1,300-acre island is to be made into a holiday centre with a planned capacity of 11,000 to 11,500 guests. Installations will include new hotels and holiday-apartment holiday-house units, large-scale recreation and sport facilities, and a centre for courses and conferences.

The results of the 1978 season on the island are said to have exceeded expectations. Originally foreseen as a "millionaires' playground," Albarella is being developed by Credit Suisse more to meet tour operators' requirements, with particular appeal to the German-speaking world.

Holiday housing is being offered this year by the German operator, Tul Scharnow Bavaria, while hotel accommodation is in the programme of the Swiss travel agency Hoteplan.

Various major tour operators had shown interest in obtaining rights on the island, said Dr. Jenny.

Union Steel margins cut

BY JIM JONES IN JOHANNESBURG

THOUGH UNION STEEL, the South African producer of mild and special steel, has felt the benefit of a lower emphasis on price controlled steel products, it is still exposed to the effects of rising costs.

In the six months to June 30, 1979, Union increased turnover by 40 per cent to R91.5m (\$109.6m) against R63.2m for the 1978 first half. However, despite the positive influences of improved controlled steel prices and greater concentration on unregulated special steels, increased operating costs pared margins and resulted in a pre-

tax profit rise of only 30 per cent to R4.8m.

For the whole of 1978 turnover came to R124.5m and pre-tax profit to R6.6m.

Though the interim report gives no details of contributions by Union's various operations, the steel casting and aluminium cable divisions have still to recover fully from last year's turnover and profit setbacks.

Union is cautious on the effect of continuing operating cost increases, and forecasts simply that the second half will see a maintenance of the first half's profit levels.

New York bank lifts AUC holding

BY JAMES FORTH IN SYDNEY

MORGAN GUARANTY TRUST COMPANY of New York has lifted its stake in Australia's oldest merchant bank, AUC Holdings, from 30 per cent to 45 per cent by buying out the other foreign shareholders.

Through a wholly-owned subsidiary, Morgan Guaranty International Finance, it is buying the shares held by European Australian Associates, a group consisting of Commerzbank AG, of Frankfurt, Effectenbank Warburg AG, of Frankfurt, M. M. Warburg-Brinckman, Wirtz and Company, of Hamburg and S. G. Warburg and Company, of London. It is also buying the shares held by the Industrial Bank of Japan.

Challenge bounds ahead

BY DAI HAYWARD IN WELLINGTON

A FAVOURABLE season and the absence of industrial unrest in the meat freezing industry helped New Zealand's second largest company The Challenge Corporation to a 56 per cent profit increase and a record dividend payout.

Group trading income before tax recorded a 180 per cent increase to NZ\$22m (US\$22.2m). The tax payment went up from NZ\$1m to NZ\$9.2m and the dividend has been increased from 12.5 per cent to 15 per cent.

Mr. Ron Trotter, the chairman, said the result was particularly pleasing but when results over the last five years

Reksten in deficit at halfway

BY FAY GJESTER IN OSLO

ONE OF the three companies in Norway's Reksten shipping group made an operating profit in the first half of 1979, but all three made losses after depreciation.

Trajan, a company which owns eight supertankers, made an operating profit of NKR5.2m in the period, compared with an operating loss of NKR1.5m in the first half of 1978. After depreciation, however, Trajan had a loss of NKR200.5m (\$99.7m). Hadrian, which owns four supertankers, had an operating loss of NKR2.8m against a NKR2.5m loss in the comparable period of 1978, and

a loss after depreciation of NKR49.3m.

Lucina, which operates a gas tanker of the same name, had an operating loss of NKR0.6m, and an estimated loss after depreciation of NKR14.9m.

The Reksten's shipbroking company, Reksten Brokers A/S, earned NKR735,000 in commissions during the period, compared with NKR 290,000 a year earlier. But after administrative costs and depreciation, the company's first-half loss is estimated at NKR 54,000.

Narske Skogindustrier, which produces paper, pulp, chipboard and timber, reports increased

German engineering group expects similar profit

BY OUR BONN CORRESPONDENT

BROWN BOVERI (BEC), the West Germany affiliate of the Swiss engineering group, expects profits for 1979 to be similar to last year's on a slightly higher turnover. The turnover increase itself, however, depends on full payment being received for some outstanding business with Iran.

Last year parent company net profit was DM 43.66m (\$23.95m), total sales were DM 3.83bn, incoming orders rose by 7 per cent to DM 4.3bn,

and an unchanged DM 8 dividend was paid.

In the first half of this year total sales were up by about 3 per cent to DM 1.67bn, compared with the same period of 1978, and orders were up by 26 per cent to DM 2.2bn. Fixed asset investment this year should total about DM 150m.

A buoyant home sales market—both for standard products and for bigger industrial plants—more than made up for a fall-back abroad.

Advertisement for Manufacturers Hanover Overseas Capital Corporation. Includes logo and text: "Guaranteed Floating Rate Notes due 1994".

Advertisement for ALLEN HARVEY & ROSS INVESTMENT MANAGEMENT LTD. Includes contact information and investment portfolio details.

Advertisement for Hard winter hits Internatio-Mueller. Includes text: "BY CHARLES BATCHELOR IN AMSTERDAM".

Large advertisement for Credito Italiano. Includes text: "a bank in any country", "Backed by a long standing tradition of world-wide banking...", and "Credito Italiano".

Advertisement for The Republic of Panama. Includes text: "U.S. \$70,000,000 Floating Rate Serial Notes due 1990".

THE PROPERTY MARKET BY MICHAEL CASSELL

Costs development threat

RAPIDLY RISING construction costs are threatening to stifle the present state of development activity, says Mr. Dennis Marler, managing director of a reawakened Capital and Counties.

The company once commanded an "empire" extending to 11 countries, but after a rough ride in 1974 sold off large chunks of its property portfolio and put a stop to new schemes. Now it is back in the development market.

But Mr. Marler says developers face rising costs which could undermine the viability of new schemes. "Costs in the last 12 months have risen so significantly that it is getting perilously close to the point where it will not be economic to undertake developments."

"If costs set much higher and rents do not rise significantly, then companies like ours will not be proceeding with proposed development programmes."

Mr. Marler is quick to emphasise that schemes already in the Capital and Counties pipeline are not being jeopardised by the alarming rise in costs, but he suggests that recent sharp rent increases may well have saved the day.

gap left in its 400,000 sq ft Sunon scheme with the departure of John Lewis. Work on the three-year programme is due to start in 1981.

Mr. Ian Northen, assistant managing director, says the company is having talks with a small number of interested retailers and seems confident that an agreement with one of them may not be too far off.

But with the tenant of the scheme's office complex yet to be identified, and the planning process incomplete, it is likely to be some months before a package can be put first to the fund whose interest had to be "reinstated" after the John Lewis withdrawal.

At Whitefield, where work is scheduled to start next year, Doenhams are to be the main anchor of the 270,000 sq ft centre and Mr. Northen is hopeful a funding arrangement will be reached by this winter. There has, he says, been an "immensely high demand" for space.

The company is having less success with its proposed mixed redevelopment scheme at Putney, where long planning wrangles—not to mention protests by residents—have made progress impossible.

Capital and Counties bought the controversial site in 1975. Mr. Marler and his colleagues can be forgiven for sometimes wishing that they had gone ahead with subsequent plans to sell it off and not been encouraged to hold on by the then Labour-controlled council.

The company has decided that in its determination never again to become over-extended, it will be confining all future development projects to under £7m—unless they form part of a prearranged partnership.

According to Mr. Marler: "We are not going to take on any heavy commitments without pre-funding. We intend to make certain that our outgoings on interest payments are kept to a level which can be serviced by our revenue account. For us, high gearing is a thing of the past."

The company also intends, with the exception of retail schemes, to confine its activities in Greater London, where it believes demand is likely to remain strong and where rental growth looks best.

The purchase of a 3.4 acre site on the North Circular Road to house a 60,000 sq ft industrial complex, comprised largely of warehousing, underlines the company's growing interest in industrial property, which to date accounts for less than 10 per cent of its total investment portfolio.

Private Patients Plan is thought to have paid more than £1m for offices at 11/12 Crescent Road, Tuohridge Wells, New London Properties, the former owners, had originally planned to let the building at a rent of £4.75 a sq ft. Realey and Baker acted for NLP and Baxter Payne and Lepper for Private Patients Plan.

Further evidence of the continued revival of the Birmingham office market comes with a series of lettings by Elliott Son and Boyton in Colonial Mutual Life Assurance Company's Elizabeth House scheme in Suffolk Street.

A third of the building which provides just over 20,000 sq ft on 11 floors, has been let or is under offer at rents of £2 a sq ft. Trust Houses Forte is among the tenants.

The hard-pressed P & O group is seeking a rent of £700,000 a year for the 35,570 sq ft of office space it is vacating in Leadenhall Street in the City. The group is moving to Beaufort House, St. Botolph Street, EC3.

The near-£20 a sq ft price tag is for the air-conditioned top two floors and piazza level in the P & O building. The space is to be let on a new 21-year lease by joint agents Jones Lang Wootton and George Trollope.

Carless Capel and Leonard, the specialty chemical, oil and gas exploration group, has agreed to pay £1m for its new headquarters at 70-74, Cannon Street, London, EC4.

International Marketing and Promotions has taken 6,560 sq ft of refurbished office space at 3, Sherwood Place, opposite the Regent Palace Hotel in Piccadilly, London, for an annual rent of £36,000 exclusive. Weatherall Green and

Smith acted for the owners of the building. Land Securities Investment Trust, and Knight Frank and Ratley acted for the new tenants.

Tate and Lyle Group Pension Scheme's three-unit warehouse development at the junction of the M20 and M25 motorways at Swanley, Kent has been completed. The units have been fully prelet at about £2.15 a sq ft to S and A Geophysical, Ohart, and SKF (UK).

Abacus Development, part of the Sir Robert McAlpine construction group, has bought for about £500,000 four connecting office blocks in the prime West End area of Edinburgh.

The four period buildings need careful restoration and will not be ready for occupation until next year when they will provide 18,000 sq ft of office space. Strutt and Parker represented Abacus and have been retained as letting agents.

Music Hire Group, represented by Bernard Thorpe, has agreed to sell a long lease on 22,000 sq ft of warehouse in Domestic Street, Leeds to The Heart of Oak Benevolent Society. The likely price is thought to be about £400,000.

BBA Pension has bought the freehold of 13/14 Park Place, Leeds, for about £225,000. James Lang Wootton and Inland Strass acted for BBA. Faxtons of Leeds acted for the vendors, a family trust.

Slough's aims unclear

IT IS difficult to unravel Slough Estate's true intentions from its week's statement, couched in terms aimed at satisfying the U.S. Securities and Exchange Commission, concerning its purchase of a small stake in an American real estate investment trust.

Slough this week disclosed six months pre-tax profits of £4.99m (£3.78m). It says its U.S. joint venture SDK Industrial Parks has bought, for \$3m, a 5.15 per cent share in Bank Realty Investors as an investment and has "no present plan" to acquire control of the company.

But in an announcement which Mr. Nigel Mobbs, Slough's chairman, admits reads more like a legal document than news of a share deal,

SDK says it will review its investment continuously and may increase or decrease its stake as well as change its intentions with respect to seeking control.

SDK was set up six years ago by Slough Parks, a wholly-owned Slough subsidiary which has an 80 per cent stake in SDK and Draper and Kramer, a private development and management group which holds the balance and acts as Slough's associate in all its U.S. projects.

Mr. Mobbs says it is the first time the joint venture has strayed from the development path on to the share buying trail. Though he will not be drawn any further it would be surprising if Slough's ambitions in respect of SDK and Bank

Realty have been fulfilled. It could either envisage ultimate control of the company or use its stake as a prequalification for purchasing some of its property assets.

The last time Slough bought into an investment trust in North America was about 12 years ago, via a deal with Yorkshire, and Pacific Securities aimed at providing funds for Slough Canada.

SDK recently completed its 530,000 sq ft Regent industrial centre at Elk Grove, near Chicago, now fully leased and expects to start work on an adjoining 30-acre site before the winter. In the same area, which goes ahead on a Midway Motor Lodge complex and a development of small office units,

Investment pattern may change

INSTITUTIONS may well have to rethink their future investment strategy in the retail sector because of the shortage of prime investment opportunities.

That is the opinion of Mr. Michael Harris, deputy senior partner at Strutt and Parker, who calculates that pension funds will this year allocate about £400m for retail shop investment. Mr. Harris says the retail investment market is "as keen and competitive as anyone can remember," with the major

funds waiting for the right property to show up. He believes that, with so much money chasing a few good opportunities, several changes in attitude by institutions could be on the way.

Mr. Harris suggests funds will now begin to look more closely at good secondary units and that those considered will probably fall into three types. The first, and most likely, he says, will be the "niche" shop located in a secondary area, with a well defined but small catchment population. The second will be purpose-

built precincts in smaller towns, and the third will be shops situated at the end of the prime parade.

Institutions, he adds, might also accept that a lower proportion of their funds will be committed to retail investment. As a third alternative, they might increase overseas activity. To date, the funds have shown little sign of straying from the prime parade. Most would prefer the other options suggested by Mr. Harris, or to judge by their usual reaction to suggestions of secondary investments, to sit on their money.

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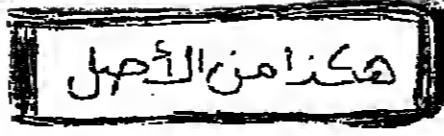
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COMPANY NOTICES

THE COMPANIES ORDINANCE (CHAPTER 32)

INTERNATIONAL PACIFIC SECURITIES COMPANY LIMITED

IN MEMBERS' VOLUNTARY LIQUIDATION
NOTICE OF FINAL MEETING

NOTICE IS HEREBY GIVEN pursuant to Section 239 of the Companies Ordinance (Chapter 32 of the Revised Edition 1975), that the Final Meeting of the Members of the above-named Company will be held in the Boardroom of Messrs. J. H. Matthews & Company Limited, Connaught Centre, Connaught Road Central, Hong Kong, on 4th October, 1979, at 11:00 a.m. for the purpose of having an account laid before them, showing the manner in which the winding up has been conducted, and of hearing the Liquidators, and also of directing by Extraordinary Resolution the manner in which the 200s, accounts and documents of the Company and of the Liquidators shall be disposed of.

D. W. CAIRNS
Liquidator

Dated the 31st day of August, 1979.

Notice to the Holders of Bonds of the Issue B 1177 of £5,510,000 made by the EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to £5,510,000, issued for redemption on October 1, 1979, Amount outstanding on and after October 1, 1979, is £4,000,000.000, Luxembourg.

August 31, 1979.

GRESHAM INDUSTRIES LIMITED

Incorporated in the Republic of South Africa
DECLARATION OF AN ORDINARY DIVIDEND No. 41

NOTICE IS HEREBY GIVEN that a Final Dividend of 12 pence (twelve cents) per share, for the year ended 30th June, 1979, has been declared by the Board of Directors payable on the 16th November, 1979, to the ordinary shareholders registered in the Books of the Company at the close of business on the 15th October, 1979.

The dividend is declared in South African currency and Dividends payable from the London Office will be paid in United Kingdom currency, calculated at the rate of exchange prevailing on the date of payment on the 22nd November, 1979.

London Office despatches from the London Office to the Republic of South Africa or Northern Ireland will be subject to a deduction of United Kingdom Income Tax at rates to be arrived at after allowing for relief at that rate in respect of South African Taxes.

Shareholders will, where applicable, deduct the Non-Resident Shareholder's Tax of 10 per cent, where applicable, for the purpose of paying the above dividend. The Gross Dividend of 12 pence will be cleared from the 20th October, 1979 to the 2nd November, 1979, nine days inclusive.

Dividend Cheques will be issued on or after the 16th November, 1979.

By Order of the Board,
Registered Office:
Johannesburg 2001
Wynetree from 1 September, 1979.
The Registered Office will be: Lower Main, Frome Street, Johannesburg Botha and 1st Avenues, Johannesburg 2001.
Transfer Secretaries and Registrar: Messrs. J. H. Matthews & Company, 17th Floor, 37 Sauer Street, Johannesburg, 2001.
P.O. Box 2322, Johannesburg, 2000.
General Secretaries and Transfer Offices: Messrs. J. H. Matthews & Company, Grandby House, 97-99, Street, London SE1 0JA.

BRASCAN LIMITED

(Incorporated under the laws of Canada)

NOTICE IS HEREBY GIVEN that the Board of Directors of this Company has declared a quarterly dividend of twenty-five cents per share on the 20th October, 1979, to the holders of the Company's Class A, Class B and Class C Convertible Ordinary Shares without nominal or par value, who are registered in the books of the Company, as at the close of business on October 15, 1979.

The dividend payable on Class A Convertible Ordinary Shares will be paid only against surrender of such bearer warrants with coupons attached in exchange for the dividend. The Company's Ordinary Receipts issued by Morgan Guaranty Trust Company in respect of Class C Convertible Ordinary Shares (with coupons attached) may be surrendered for exchange to the depository.

C. K. De Namur
2700 Brussels
Morgan Guaranty Trust Company of New York
25, Avenue des Arts
1040 Brussels.
The transfer agents of the Company are: HENRI WOOD, Limited, Toronto, Montreal, Vancouver, Calgary, Winnipeg and Hamilton, Canada; and Citibank, N.A., New York, N.Y., U.S.A. respectively. The Company is a member of the National Trust Company, Limited, 21, King Street East, Toronto, Canada, M5E 1A3.

NU-SWIFT INDUSTRIES LTD.

NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed from the 21st September, 1979 to 1st October, 1979, both dates inclusive.

By Order of the Board,
KENNETH WOOD, Secretary,
Nu-Swift Factory, Eland, West Yorkshire.
Transfer Director, 15, St. George's, London EC1Y 1AR.

THE BIRMINGHAM MINT LTD.

NOTICE IS HEREBY GIVEN that a dividend of 2 pence per share in respect of the 6 months ended 30th September, 1979 will be paid on 21st October 1979 to all Preference Shareholders registered in the books of the Company at the close of business on Friday, 7th September, 1979.

A larger dividend is expected for the remainder of the year and it is anticipated that the 1978 level of ordinary income recorded for that year.

The Board of Directors.

THE GREAT NORTHERN TELEGRAPH COMPANY'S HOLDING COMPANY LIMITED

Interim statement for the first half of 1979 for the Great Northern Telegraph Company, Limited, of Copenhagen.

The turnover of the Great Northern Group for 1979, first 6 months of 1979 was only slightly larger than the previous year. The reasons for this are: a weak market development in Denmark and a larger turnover in the other countries of the group. It is anticipated that the 1978 level of ordinary income recorded for that year.

The Board of Directors.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976

MEATWAYS LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Tuesday, the 4th day of September 1979, at 12 o'clock, midday, for the purpose mentioned in Sections 234 and 235 of the said Act.
Dated this 20th day of August 1979.
By Order of the Board,
JOHN POLAK, Director.

THE COMPANIES ACTS 1948 TO 1976

MONTAGUE JOYCE LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Wednesday, the 5th day of September 1979, at 12 o'clock, midday, for the purposes mentioned in Sections 234 and 235 of the said Act.
Dated this 21st day of August 1979.
By Order of the Board,
MONTAGUE JOYCE, Director.

THE COMPANIES ACTS 1948 TO 1976

MONTAGUE JOYCE (UK) LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Wednesday, the 5th day of September 1979, at 12 o'clock, midday, for the purposes mentioned in Sections 234 and 235 of the said Act.
Dated this 21st day of August 1979.
By Order of the Board,
MONTAGUE JOYCE, Director.

THE COMPANIES ACTS 1948 TO 1976

PUTNEY CASTLES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Wednesday, the 12th day of September 1979, at 12 o'clock, midday, for the purposes mentioned in Sections 234 and 235 of the said Act.
Dated this 22nd day of August 1979.
By Order of the Board,
C. L. DIXON, Director.

THE COMPANIES ACTS 1948 TO 1976

PUTNEY CASTLES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Tuesday, the 4th day of September 1979, at 12 o'clock, in the afternoon, for the purposes mentioned in Sections 234 and 235 of the said Act.
Dated this 20th day of August 1979.
By Order of the Board,
JOHN POLAK, Director.

THE COMPANIES ACTS 1948 TO 1976

STANLEY CASING CO. LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 233 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of LEONARD CURTIS & CO., 3/4 Bentinck Street, London W1A 3BA,

on Tuesday, the 4th day of September 1979, at 11 o'clock, in the forenoon for the purposes mentioned in Sections 234 and 235 of the said Act.
Dated the 20th day of August 1979.
By Order of the Board,
JOHN POLAK, Director.

ART GALLERIES

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Courtesy 51, Amberley, West Sussex, 079-851 1978. Prints & paintings by Tom Chubb, William Kermode, Ian Macnab and John White. September 8th, 10-1, 2.30-5.30, Tues-Saturday.

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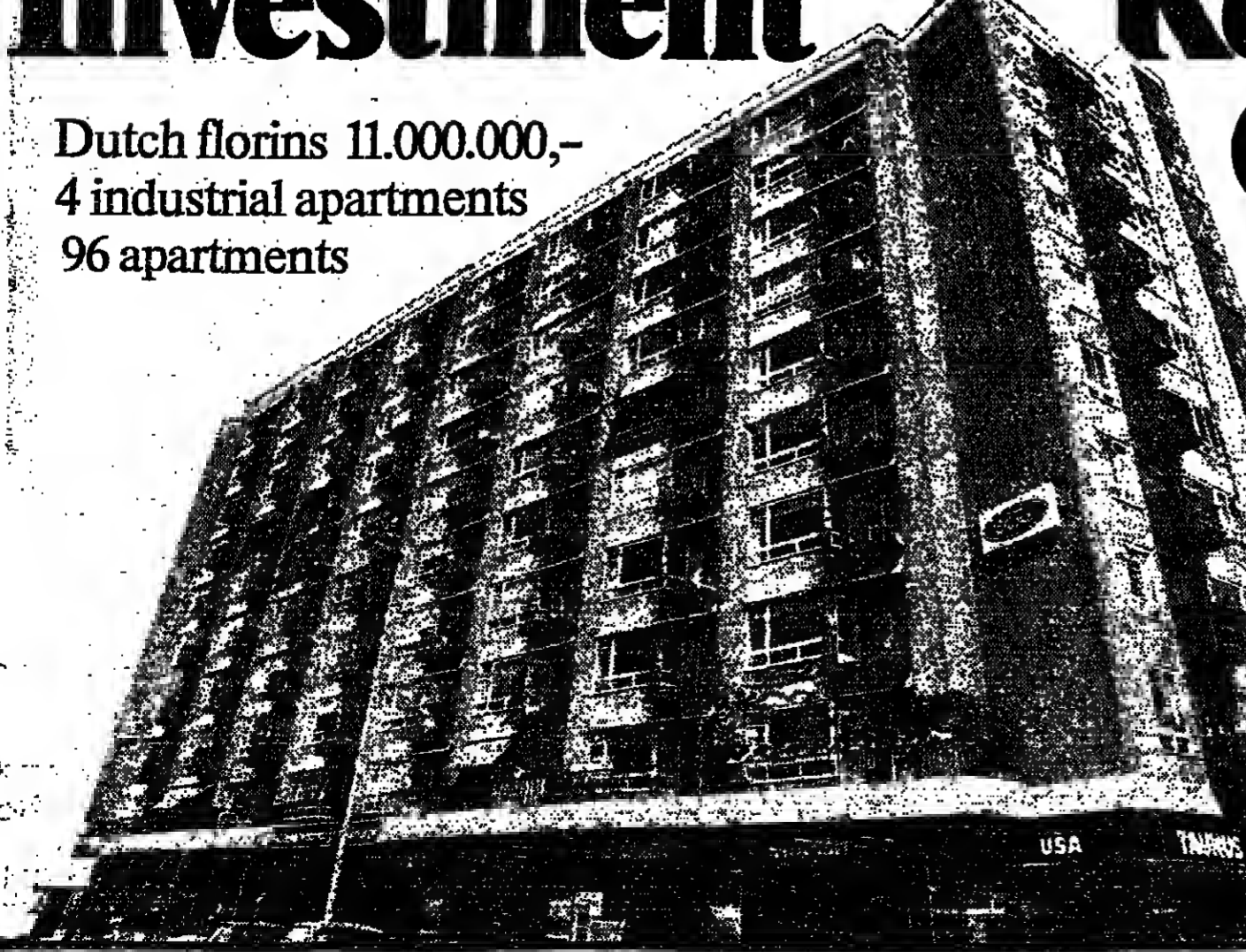
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Wall St. investors stay cautious at midpoint

Investment Dollar Premium... The market at midweek... Analysts said there was no news to affect the market...

Closing prices and market reports were not available for this edition... The dollar remained weak and sold rose to a record high...

Volume leader General Motors... remained mixed in fairly active trading... The composite index fell 0.80 to 287.25...

Germany... Leading shares closed higher after active trading with foreign investment...

Tokyo... Shares prices closed slightly lower in moderate trading... The Tokyo Stock Exchange index rose 0.16 to 453.62...

Canada... The market at noon was lower in active trading as the Toronto Composite Index fell 0.5 to 1678.0...

Nippon Mining led losses, while Chemicals, Pharmaceuticals, Constructions, and Electricals gained...

Caution about high price levels and a lack of fresh factors invited profit-taking in front-running shares...

Paris... Shares prices were mostly higher in quiet trading... The Paris Cote rose 1.20 to 283.70...

Australia... The mining sector dominated trading with strong gains... The market was generally firm...

Switzerland... Prices closed steady in moderate volume with investor interest focused on secondary stocks...

Germany... Shares closed steady after a quiet afternoon trading... The DAX index rose 0.10 to 2,837.50...

Japan... Shares closed steady after a quiet afternoon trading... The Nikkei index rose 0.10 to 2,837.50...

NEW YORK Stock market listing table with columns for Stock, Aug. 28, and Aug. 29.

CANADA Stock market listing table with columns for Stock, Aug. 28, and Aug. 29.

GERMANY Stock market listing table with columns for Stock, Aug. 30, and Price.

AMSTERDAM Stock market listing table with columns for Stock, Price, and Div. Yld.

COPENHAGEN Stock market listing table with columns for Stock, Price, and Div. Yld.

VIENNA Stock market listing table with columns for Stock, Price, and Div. Yld.

NEW YORK-DOW JONES Indices table with columns for Index, High, Low, and Change.

STANDARD AND POORS Indices table with columns for Index, High, Low, and Change.

NYSE ALL COMMON Stocks table with columns for Stock, Price, and Div. Yld.

MONTREAL Stock market listing table with columns for Stock, Price, and Div. Yld.

WEDNESDAY'S ACTIVE STOCKS table with columns for Stock, Price, and Div. Yld.

OSLO Stock market listing table with columns for Stock, Price, and Div. Yld.

JOHANNESBURG Stock market listing table with columns for Stock, Price, and Div. Yld.

PARIS Stock market listing table with columns for Stock, Price, and Div. Yld.

BRASIL Stock market listing table with columns for Stock, Price, and Div. Yld.

EUROPEAN OPTIONS EXCHANGE table with columns for Series, Vol., and Price.

BASE LENDING RATES table with columns for Bank, Rate, and Term.

Tariff rates in tape form... INFORMATION on tariffs will month or so later. Includes a logo for 'مركز الأبحاث'.



Indian tea exports rising

By P. C. Mahanti CALCUTTA — Export demand for Indian teas has been rising. The Tea Board issued export licences for 70m kilos between April and July this year against 52m kilos during the same period last year.

General advance in metal markets

By JOHN EDWARDS, COMMODITIES EDITOR METAL PRICES advanced strongly on the London markets yesterday. Silver leapt to a new peak following the upward trend to gold and the rise in U.S. values overnight.

Hurricane fears lift sugar

By Our Commodities Staff NERVOUSNESS ABOUT the prospect of hurricane David hitting sugar-growing islands in the Caribbean prompted a sharp rise in world sugar values yesterday.

The price of independence

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT HEARING THAT a couple of Jerry leads of malinging barley had been stolen in East Angles the other day, a cynical friend remarked that the villain was probably a malster simply carrying his principles to their logical conclusion.

U.S. cotton stocks boost predicted

WASHINGTON — A much larger U.S. cotton crop this year, along with some weakening in exports and domestic textile mill demand, should boost the U.S. cotton stockpile by around 42 per cent by next summer, Agriculture Department officials said here.

Coffee smugglers cost Brazil \$162m

BY RIK TURNER IN SAO PAULO ALTHOUGH Paraguay has an annual coffee production of some 90,000 bags (60 kilos each) so far this year she has exported over 200,000 bags to the U.S. and other countries in Europe.

Cottonseed production set to rise

WORLD COTTONSEED production is expected to increase by 6 per cent in 1979/80 to 24.8m tonnes from 23.4m in the previous year, according to Oil World, the Hamburg-based publication.

Wool Board expects difficult season

BY CHRISTOPHER PARKES THE BRITISH Wool Marketing Board faces another difficult season and the prospect of further drains on its reserves, Mr. Walter Elliot, chairman, said in the Board's annual report.

French beet puts on weight

PARIS — The results of the third French beet test, made on August 27, show an average root weight of 452 grammes compared with 377 at the same time last year.

BRITISH COMMODITY MARKETS

Table with columns for various commodities like Copper, Tin, Zinc, Lead, and their prices in London.

PRICE CHANGES

Table showing price changes for various commodities like Metals, Rubber, and Soyabean Meal.

AMERICAN MARKETS

Table showing market data for American commodities like Wheat, Corn, and Soyabean Meal.

Wednesday's closing prices

Table showing closing prices for various commodities on Wednesday.

INSURANCE BASE RATES

Table showing insurance base rates for Vanhugh Guaranteed and Property Growth.

COMPANY NOTICES

NOTICE IS HEREBY GIVEN that the thirty-ninth annual general meeting of the members of BERJUNTAL TIN DREDGING BERHAD will be held at the company's offices on 28th September 1979.

COFFEE

Table showing coffee prices for various grades like Arabica and Robusta.

GRAINS

Table showing grain prices for Wheat, Barley, and Oats.

SILVER

Table showing silver prices for various grades and forms.

SOYABEAN MEAL

Table showing soyabean meal prices for various grades.

SUGAR

Table showing sugar prices for various grades and forms.

MEAT/VEGETABLES

Table showing prices for meat and vegetables like Beef, Pork, and Lamb.

EUROPEAN MARKETS

Table showing market data for European commodities like Wheat and Corn.

INDICES

Table showing various financial indices like Dow Jones and FTSE 100.

MOODY'S

Table showing Moody's credit ratings for various companies.

SLATER WALKER INTERNATIONAL FINANCE LIMITED

7 1/2% 1977-1987 Luxembourg Francs 500,000,000. Holders of the above mentioned bonds are hereby informed that the annual redemption instrument due October 15, 1979, is now available.

Equities unaffected by gloomy NIESR review but Gilts nervous about banking statistics—Golds strong again

Account Dealing Dates Optimum First Declared Last Account Dealings...

The depressing review from the National Institute of Economic and Social Research, which echoed the findings of other recent forecasting groups...

Stores were less sensitive to fears of a High Street price-war developing following Marks and Spencer's price-cutting scheme...

calculation, closed 3.2 up at the day's best of 469.5. Comment about next Tuesday's banking statistics unsettled some holders of British Funds...

The major clearing banks took a distinct turn for the better. The re-appearance of buyers helped...

A slightly increased business in traded options resulted in a total of 256 contracts being completed against Wednesday's 181.

C. E. Meath, 180p, and Willis Faber, 215p, all closed a couple of pence lower. Pearl, however, gained 8 pence to 355p...

Q. E. Meath, 180p, and Willis Faber, 215p, all closed a couple of pence lower. Pearl, however, gained 8 pence to 355p...

Blue Circle featured Building descriptions with a rise of 14 to 235p after 250p, following the better-than-expected half-yearly profits and dividend...

198p awaiting today's annual results. Quietly firm conditions prevailed among leading Chemicals...

Dewhurst dull. Leading Stores regained some composure after Wednesday's sharp falls which followed Marks and Spencer's price-cutting move...

Helped by rationalisation of its loss-making subsidiaries, Plessey improved 7 to 124p following first quarter profits much above the general expectations...

improved 3 to a 1979 peak of 49p, while speculative counters featured with a gain of 7 to a 1979 peak of 155p...

Consideration of the previous day's interim profits and confident statement encouraged demand for Ladbroke which formed 6 to 180p...

Share prices opened firmer reflecting overnight American support and made further good progress throughout the day with sizeable and persistent London buying far outweighing overseas profit-taking...

prompted useful improvements in selected Oil shares. Burmah featured with a gain of 7 to a 1979 peak of 155p...

In Financials, Britannia Arrow reported the expected return to first-half profits and, following the company's indications of a final dividend payment...

another 3 up at a 1979 high of 172p. Pacific Copper 177p and Parings, 325p, all closed around the bullion price touched an all-time peak of 3319.375 an ounce...

FINANCIAL TIMES STOCK INDICES. Table with columns for various indices like Government Secs, Fixed Interest, Industrial, Gold Mines, etc., and rows for different dates.

HIGHS AND LOWS S.E. ACTIVITY. Table showing high and low prices for various stocks and their activity.

ACTIVE STOCKS. Table listing various active stocks with their denominations, closing prices, and changes.

OPTIONS. Table with columns for DEALING DATES, Stock, Denom, and various option details.

LONDON TRADED OPTIONS. Table showing option trading data for various stocks like BP, Com. Union, etc.

NEW HIGHS AND LOWS FOR 1979. Table listing new highs and lows for various sectors like BUILDINGS, ELECTRICALS, FOODS, etc.

RECENT ISSUES. Table listing recent issues of various companies like Arrow Chemicals, Barlow Hedges, etc.

FT-ACTUARIES SHARE INDICES

Table showing FT-Actuaries Share Indices for various equity groups and sub-sections, including Capital Goods, Building Materials, etc.

Chief executive for Lowndes Lambert

Mr. Richard Shaw, joint deputy chairman of C. E. HEATH AND COMPANY, has been appointed chief executive responsible for Lowndes Lambert...

RIGHTS OFFERS

Table listing rights offers for various companies like Abwood Machine Tools, Bank of Commercial, etc.

FOOD PRICE MOVEMENTS. Table showing price movements for various food items like Bacon, Butter, Cheese, Eggs, Beef, Lamb, Pork, Poultry.

FIXED INTEREST STOCKS

Table listing fixed interest stocks like Aurora Bt, Bank of Commercial, etc.

FIXED INTEREST PRICE INDICES

Table showing fixed interest price indices for various government and corporate securities.

Mr. Nazem El Khnyri has been appointed general manager of REED STENHOUSE MIDDLE EAST S.A.R.L., a new company in the Lebanon...

Mr. Andrew Gemler has been appointed president of SEVEN-UP INTERNATIONAL, effective November 1. He was previously vice-president of Seven-Up Europe...



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst. Mgrs., Affiliated Harvy & Ross Unit Trst. Mgrs., and others, including their names, managers, and financial details.

Table listing various insurance and property bonds such as Abbey Life Assurance Co. Ltd., Crown Life Assurance, and others, including their names, managers, and financial details.

Table listing various pension and investment funds such as Prudential Pensions Limited, Abbey Life Assurance, and others, including their names, managers, and financial details.

Table listing various offshore and overseas funds such as Alexander Fund, Keyser Ullmann Ltd., and others, including their names, managers, and financial details.

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NOTES: Prices do not include 5 p.p.m. stamp, except where otherwise indicated. Values are shown in p.p.m. unless otherwise indicated.

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C.I.L.
The British computer systems and software company
The Grange, Hemel Hempstead, Herts. AL2 9JF

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES, ETC.

FOREIGN BONDS & RAILS

1979 High	Low	Stock	Price	% Chg	Div. Yield
35	37	Amsterdam Ry...	35		
37	37	De. Sp. Pref.	37		
37	37	Chilcan Mixed	37		
37	37	De. Sp. Pref.	37		
37	37	Chilcan Mixed	37		
37	37	De. Sp. Pref.	37		

BANKS & HP—Continued

1979 High	Low	Stock	Price	% Chg	Div. Yield
150	150	Guinness Peat	150		
150	150	Guinness Peat	150		
150	150	Guinness Peat	150		

CHEMICALS, PLASTICS—Cont.

1979 High	Low	Stock	Price	% Chg	Div. Yield
23	23	ICI (Hazard) 50	23		
23	23	ICI (Hazard) 50	23		
23	23	ICI (Hazard) 50	23		

ENGINEERING—Continued

1979 High	Low	Stock	Price	% Chg	Div. Yield
2.96	2.96	Allen W.G.	2.96		
2.96	2.96	Allen W.G.	2.96		
2.96	2.96	Allen W.G.	2.96		

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

AMERICANS

1979 High	Low	Stock	Price	% Chg	Div. Yield
13.5	13.5	AMF 5% Conv. 87	13.5		
13.5	13.5	AMF 5% Conv. 87	13.5		
13.5	13.5	AMF 5% Conv. 87	13.5		

BEERS, WINES AND SPIRITS

1979 High	Low	Stock	Price	% Chg	Div. Yield
102	102	Allied Brews	102		
102	102	Allied Brews	102		
102	102	Allied Brews	102		

DRAPERY AND STORES

1979 High	Low	Stock	Price	% Chg	Div. Yield
44	44	Amber Day 100	44		
44	44	Amber Day 100	44		
44	44	Amber Day 100	44		

HOTELS AND CATERERS

1979 High	Low	Stock	Price	% Chg	Div. Yield
1.38	1.38	Hotel (L) 100	1.38		
1.38	1.38	Hotel (L) 100	1.38		
1.38	1.38	Hotel (L) 100	1.38		

INDUSTRIALS (Miscel.)

1979 High	Low	Stock	Price	% Chg	Div. Yield
1.38	1.38	Hotel (L) 100	1.38		
1.38	1.38	Hotel (L) 100	1.38		
1.38	1.38	Hotel (L) 100	1.38		

Five to Fifteen Years

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

Over Fifteen Years

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

UNDATED

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

BUILDING INDUSTRY, TIMBER AND ROADS

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

INTERNATIONAL BANK

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

CORPORATION LOANS

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

CANADIANS

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

BANKS AND HIRE PURCHASE

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

LOANS

High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

ELECTRICALS

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

FOOD, GROCERIES, ETC.

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

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CHEMICALS, PLASTICS

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

ENGINEERING MACHINE TOOLS

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		

FOOD, GROCERIES, ETC.

1979 High	Low	Stock	Price	% Chg	Div. Yield
100	100	Treasury 100	100		
100	100	Treasury 100	100		
100	100	Treasury 100	100		



Plessey looks for better times

Plessey's share price has been very strong in recent months, and the first quarter figures will help to support the idea that the group is at last turning the corner.

Index rose 3.2 to 469.5

Blue Circle

Blue Circle Industries has managed to restrict the drop in its first half profits, which have fallen by only 3 per cent to £20.6m pre-tax.

Precious metals

Precious metal prices were moving ahead strongly again yesterday. The gold price was up by \$34 and closed at a record \$319.19 per oz.

Both gold and silver have been influenced by silver fear of inflation recently but since gold bounced back from its low point of \$282 per oz earlier this month, the silver price has outperformed the other commodity.

Much of this outperformance merely reflects catching up process but the silver market differs from the gold market in that it is not as much in demand.

Vent-Axia The first name in unit ventilation... look for the name on the product.

Furness-Houlder suspends employee over dealings

BY JOHN MOORE

AN EMPLOYEE of Furness-Houlder (Insurance), the Lloyd's insurance broking subsidiary of shipping group Furness, Wilby, has been suspended in connection with business activities with underwriting syndicates managed by Ashby and Company.

placed with the Ashby syndicates 753 and 751. The employee is an insurance broker and the action was initiated by the company without the intervention of Lloyd's. But the company has not named the employee.

Furness-Houlder (Insurance) said last night: "An employee in the overseas section of Furness-Houlder (Insurance) was suspended on August 8 pending satisfactory answers to questions relating to his/her

The Ashby managing company called a halt to dealings earlier this week on five of its underwriting syndicates at Lloyd's—syndicate numbers 753, 751, 750, 752 and 757—following concern about the premium limits of the syndicates. There were

feared that one of these syndicates, number 751, had greatly exceeded the premium limits laid down by Lloyd's rules.

Investigations have been started by Ashby. These are examining whether the volume of general insurance business which had been placed with the syndicate was at a level greater than the syndicate had been underwriting syndicate at Lloyd's deals with the general public. Business placed with the 361

Lloyd's syndicates must be placed by one of the 269 Lloyd's insurance brokers.

Syndicate 751 has more than 300 members. Because Ashby is devoting its entire resources to the problem after legal advice the other syndicates under its management have temporarily ceased underwriting.

In the last accounts of Furness, Wilby—for the year ending December 1978—Furness-Houlder (Insurance) is shown to have made a trading profit of £666,000.

General Council rejects Murray line

BY CHRISTIAN TYLER, LABOUR EDITOR

AN AGGRESSIVE note was struck by the trades union leadership as it met yesterday to discuss an already-substantive list of motions for debate at the annual Congress which begins on Monday.

On two important policy issues, the TUC General Council rejected the cautious line of Mr. Len Murray, general secretary. The issue, a resolution, was a plea for the Government to return to the Communist-dominated trade union body based in Prague, the World Federation of Trade Unions.

preted by the Left as a sign that the TUC "establishment" is under growing pressure following the failure of the last Government's own policies to secure its re-election.

The main lines of the week's debates were, however, agreed yesterday. The general council, which has put down its own motion for a campaign against Government economic measures, decided to ask the small Furniture, Timber and Allied Trades Union to withdraw an amendment that would commit the unions to mass demonstrations.

However, the Congress is almost certain to approve a composite motion that includes a call for a national day of action

against public expenditure cuts put in by the Association of Scientific, Technical and Managerial Staffs.

Attempts will also be made to have a motion from the locomotive union, ASLEF, that would provide a first rehearsal for next month's Labour Party conference struggle over the party's constitution, removed from the agenda. ASLEF's motion calls on the Labour Party to ensure that a future Labour Government carries out policies decided by the party conference.

Mr. Murray said afterwards that the TUC was not competent to intervene or comment on

matters of constitutional significance to the Labour Party.

The committee of nine trades union leaders who want the party inquiry into organisation, structure and finances revived, met yesterday to discuss their conference tactics. Mr. David Bassett, of the General and Municipal Workers and chairman of the committee, said it would not be disclosing its views until it had put them to the organisation committee of the Labour Party National Executive on Monday week.

The most protracted debate within the general council yesterday was on an amendment from the Civil and Public

Services' Association that would commit the unions to fighting for renationalisation without compensation of any asset or business activity bived off from public corporations.

TUC officials and the nationalised industries' committee sought to have this removed so that each case could be considered as it came up, but the motion was lost by 23 votes to 17, which means that it will be accepted with the reservation that the committee would be able to review cases. Mr. Murray said afterwards that there was no doubt about the TUC's determination to oppose such living off.

Swing to Right as Mulder wins court battle

BY QUENTIN PEEL IN JOHANNESBURG

DR. CONNIE MULDER, the disgraced former South African Minister of Information, yesterday won an important court battle against the State.

At the same time, the ruling National Party suffered setbacks in two key by-elections, partly because of the scandal for which he was responsible.

At least one of the by-election results suggests that there could be a considerable Right-wing backlash against moves to humanise racial discrimination in employment and sport and Dr. Mulder, once his appeal to Mr. John Vorster as Prime Minister, could be in a position to lead it.

But his legal victory yesterday, when charges of contempt

were dismissed in the Pretoria Supreme Court, has actually deprived him of being able to use the witness box in an attempt to clear his name.

Dr. Mulder was accused of refusing to give evidence to the Erasmus Commission of Inquiry into the secret operations of his former department. The inquiry report accused him of maladministration, and sharing responsibility for the misappropriation of funds in the projects.

The case was dismissed by Judge W. G. Boschoff, on the grounds that the commission had exceeded its terms of reference in the inquiry, without the defence calling evidence.

Although the case casts doubt on the conduct of the Erasmus Commission, it is unlikely to result in any review of its findings. These severely criticised Dr. Mulder, Mr. Vorster and Dr. Errol Rhoades, the former Secretary for Information. Dr. Rhoades is to appear in court next month on charges of fraud and theft involving the secret funds he used.

But while the Government may draw some relief from the rapid resolution of Dr. Mulder's case, its political position has been eroded by the information scandal, and by widespread doubts about the direction of the present Government under Mr. P. W. Botha.

In Wednesday's by-elections, the ruling National Party lost ground to both the Right and the Left among the white electorate. The most serious erosion of its overwhelming position was in the working-class constituency of Kooegoesport, outside Pretoria, where the extreme Right-wing Herstigte Nasionale Party (HNP) tripled its vote with a swing of 28 per cent—the largest by-election swing against the National Party since it came to power in 1948.

In Johannesburg West the erosion of National Party support was shown both in a swing to the liberally-inclined Progressive Federal Party, which

increased its vote by 60 per cent, and in a mass abstention. But the National Party still retained both seats, which had safe majorities. Neither the HNP nor the PFP represent a serious national threat to the ruling party. Indeed the extent of abstentions in the elections suggest confusion in the white electorate as much as outright hostility.

Dr. Mulder is likely to present himself as the natural leader of a Right-wing backlash against the Government. But Mr. Botha is unlikely to change his present direction of seeking to win more widespread support for a humanised form of apartheid, just on the basis of the results so far.

BP to release Irish oil find details

BY RAY DAFTER, ENERGY EDITOR

DETAILS of BP's Irish Petroleum's oil find off the west coast of Ireland last week—the most promising in the area so far—will be released in the next few days.

BP, as operator of a seven-company exploration group, is believed to have tested oil flows of more than 1,000 barrels a day at its find, 180 miles west of Galway.

While this is a modest flow rate by North Sea standards, it should be enough to encourage increased exploration in the Atlantic's Porcupine Trough.

Ireland's oil potential was first confirmed last October by Phillips, which tested crude at a flow rate of 730 barrels a day in an exploration well sunk on block 35/78. Although deemed non-commercial, it was the first

encouraging strike in a 20-year search around Ireland.

It is likely that BP's discovery, on block 26/23, will also be considered non-commercial. Companies would be seeking sizeable reservoirs—with much higher flow rates—before contemplating commercial development in the deep waters (some 1,250 ft) of the Porcupine Trough.

It is thought that BP's well, drilled by the semi-submersible rig Sedco 703, encountered a reservoir with a very thin layer of oil-bearing rock but it is not clear whether this is characteristic of the whole field.

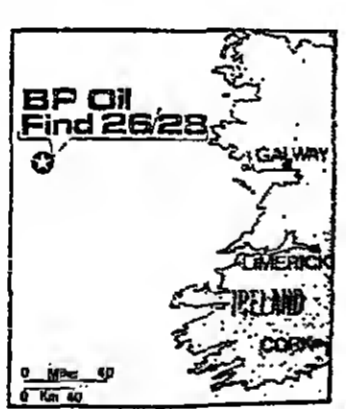
More information about the geological pattern of the area should be gained from a well to be drilled shortly by Gulf Oil, also using Sedco 703, a block

26/21.

BP may indicate further exploration in the area when it announces the results of the 26/28 test. The group is becoming much more heavily committed to exploration work in Europe and overseas. Its exploration budget this year is about £200m—double last year's expenditure.

The company's transformed crude oil trading position has boosted explorations with nationalisation in Nigeria and a reduction in contract supplies from the Middle East. BP finds itself with just about enough crude oil to satisfy its own downstream demands.

The company has told the Government it is anxious to expand its North Sea interests and may buy some of the assets



to be sold shortly by British National Oil Corporation. BNO's Board meets in Glasgow today to finalise its recommendations to the Government about asset disposals.

Supply cuts attacked

By Sue Cameron

THE MOTOR AGENTS Association yesterday launched a fresh attack on the major oil companies, saying there was "no doubt" that the companies were intensifying efforts to end supply contracts with small garages.

The association said that garages selling less than 100,000 gallons of petrol yearly were the ones most likely to have their contracts ended. Half the UK's stations fall into this category.

Weather

UK TODAY MOSTLY dry with sunny periods, warm. London, England (except S.W.), Channel Is.

Early mist clearing. Dry and sunny, very warm. Max. 25C (77F).

S.W. England, Wales, Isle of Man, N.W. Scotland, Argyll, N. Ireland. Rather cloudy with occasional rain. Sunny periods inland. Max. 19C (66F).

N.E. Scotland, Orkney, Shetland. Mostly cloudy with occasional rain. Max. 14C (57F).

Rest of Scotland. Mostly dry with sunny periods. Max. 20C (68F).

Outlook: Dry and warm at first. Cooler later and occasional rain weather.

Table with columns: City, Today, Tomorrow, Monday. Lists weather forecasts for various cities including London, Paris, Rome, etc.

Kosygin 'ready to modify SALT treaty'

BY OUR FOREIGN STAFF

SENATOR JOSEPH BIDEN said yesterday that talks in Moscow with Mr. Alexei Kosygin, the Soviet Premier, convinced him that Russia will agree to modifications in the recently signed SALT-II treaty.

The Soviet authorities were also said to be willing to discuss sharp reductions in nuclear weaponry when negotiations begin for a SALT-III pact.

Significant concessions by the USSR would considerably ease the pressure of the SALT-II accord through the U.S. Senate, where a two-thirds majority is required for ratification.

he told Mr. Kosygin that the Senate is bound to attach important reservations to the treaty during its debate.

These were aimed at preserving U.S. superiority in cruise missiles, limiting Soviet production of the Backfire bomber, retaining the present state of arms collaboration between the U.S. and the rest of NATO, and attaching to the treaty a "no first use" clause.

The Senator said he received a "very definite and definite impression" that the Soviet Union was ready to accept what we should be able to do.

explain how he formed this view of Mr. Kosygin's thinking, he said: "On the basis of silence."

But another member of the party, Senator Richard Lugar, said he doubted whether Senator Biden was correct, because the Russians had not yet had a chance to begin to study the modifications.

Senator David Boren said Mr. Kosygin had drawn a very clear distinction between Senate reservations and any formal amendment which could prompt renegotiation of the treaty.

During their three-hour meeting yesterday with Mr. Kosygin, Senator Biden suggested to the Prime Minister that the under-

taking to limit Backfire production to 30 a year—given by Mr. Leonid Brezhnev, the Soviet President to President Jimmy Carter in Vienna in June—be put in writing.

Senator Biden said Mr. Kosygin seemed surprised and said: "Why are you even asking me this? It's part of the treaty and the whole world knows it. The Western Press knows it, and you can even ask people on the street."

The senators told Mr. Kosygin the U.S. would definitely abrogate the treaty if the Backfire guarantee was broken, but the suggestion of putting it in writing went no further.

Continued from Page 1 / Continued from Page 1

Peinsters Cabinet agrees to strengthen RUC

(UK) Simulomo Marine and Fire Insurance (Europe), New India Assurance, South British Insurance, Gulliver Verische-Rhinnsbank and Hansco (UK) Insurance.

The action was started at the same time that it began a \$26.6m action against Marsh and McLennan and Americas Insurance over the same disputed computer leasing insurance scheme. It is claiming \$1.6m in unpaid claims; the remainder of its action is for punitive damages for a maximum \$25m.

European MP, that if the subjects were caught they should be tried in Northern Ireland, have been ruled out.

Mr. Taylor's suggestions that if the Protestant paramilitary groups who have threatened violence cannot restrain themselves, they should choose targets in the Republic, has caused outrage in Dublin among Catholic leaders in Belfast. Mr. Taylor, in a carefully worded statement, emphasised that he condemned paramilitary violence, but in a key passage said: "If the leadership of the Loyalist paramilitaries

find it absolutely impossible to refrain from renewed action on the ground then in no way can that action occur on Ulster soil.

"It should be directed to targets within the Republic of Ireland from which most of the serious IRA attacks originate and within which the Provisional IRA is facilitated by a weak-kneed government which is not prepared to uphold civilised standards of security, co-operation and extradition which apply elsewhere throughout Europe."

cratic Labour Party, the leading voice of moderate Roman Catholics, said Mr. Taylor ought to be dropped under British law for incitement. Mr. Lynch arrived in Dublin yesterday from his holiday in Portugal. His delayed return has caused a storm of criticism, particularly in Northern Ireland. Many Unionists in Belfast said that Mr. Lynch's attitude to Lord Moatbatten's death was shown to be casual when contrasted with the behaviour of Mrs. Thatcher, who flew to Northern Ireland and visited known Republican strongholds like Crossmaglen,

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